Mandatory publication
pursuant to Sections 34, 27 para. 3, sentence 1 in conjunction with Section 14 para. 3 sentence 1 of the German Securities Acquisition and Takeover Act
(*Wertpapiererwerbs- und Übernahmegesetz*, *WpÜG*)

Joint reasoned statement of the Executive Board and Supervisory Board

of
GRAMMER Aktiengesellschaft
Georg-Grammer-Straße 2
92224 Amberg
Germany

pursuant to Section 27 para. 1 WpÜG

regarding the voluntary public takeover offer

of
JIYE AUTO PARTS GMBH
c/o Jifeng Automotive Interior GmbH
Steigweg 24
97318 Kitzingen
Germany

to
the shareholders of GRAMMER Aktiengesellschaft

dated 25 June 2018

GRAMMER Shares: ISIN DE0005895403
GRAMMER Shares Tendered for Sale: ISIN DE000A2LQTW1

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I. GENERAL INFORMATION ON THIS STATEMENT

On 25 June 2018, Jiye Auto Parts GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung, GmbH*) under the laws of the Federal Republic of Germany (**"Germany"**) with its registered seat in Frankfurt am Main, registered in the commercial register of the Local Court of Frankfurt am Main under registration number HRB 10697 (the **"Bidder"**), pursuant to Sections 34, 14 para. 2 and 3 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, **"WpÜG"**) published an offer document pursuant to Section 11 WpÜG (the **"Offer Document"**) for its voluntary public takeover offer (the **"Offer"**) to all shareholders of GRAMMER Aktiengesellschaft with its registered seat in Amberg, Germany, registered in the commercial register of the Local Court of Amberg under registration number HRB 1182 (**"GRAMMER"** or the **"Company"**, and together with its subsidiaries the **"GRAMMER Consolidated Group"** or the **"GRAMMER Group"**, and each ordinary shareholder of GRAMMER a **"GRAMMER Shareholder"** and all together the **"GRAMMER Shareholders"**).

The Offer refers to the acquisition of all no-par value bearer shares (*Stückaktien*) in GRAMMER (ISIN: DE0005895403), each with a proportional amount of the share capital of EUR 2.56 per share (the **"GRAMMER Shares"**, and each individually a **"GRAMMER Share"**), including all ancillary rights which exist at the time of the settlement of the Offer, in particular dividend rights, for a purchase price in cash of EUR 60.00 per GRAMMER Share (the **"Offer Price"**).

The Offer Document was provided to the executive board of GRAMMER (the **"Executive Board"**) on 25 June 2018. On the same day, the Executive Board forwarded the Offer Document to the supervisory board of GRAMMER (the **"Supervisory Board"**) and to the works council of GRAMMER.

The Executive Board and the Supervisory Board are hereby issuing a joint reasoned statement regarding the Bidder's Offer pursuant to Section 27 WpÜG (the **"Statement"**). This Statement was adopted by the Executive Board and the Supervisory Board on 6 July 2018.

In connection with the Statement, the Executive Board and the Supervisory Board first point out the following:

1. Legal basis

Pursuant to Section 27 para. 1 sentence 1 WpÜG, the executive board and the supervisory board of a target company must issue a reasoned statement on a takeover offer as well as any changes thereto. The statement can be issued jointly by the executive board and the supervisory board of the target company. With regard to the Bidder's Offer, the Executive Board and the Supervisory Board have decided to issue a joint statement.

2. Facts on which this Statement is based

References to time in this Statement refer to the "local time" unless specified otherwise. Insofar as terms such as "currently", "momentarily", "now", "presently" "today" or other statements based on the present are used, these relate to the date of publication of this document; i.e. 25. Juni 2018 unless specified otherwise. The specified currency **"EUR"** or **"Euro"** refers to the official currency of the European Union, the specified currency **"USD"** refers to the official currency of the United States of America (**"USA"**)and the specified currency **"RMB"** refers to the official currency of the People's Republic of China (**"PRC"**).

All information, forecasts, estimates, assessments, forward-looking statements, and intentions contained in this Statement are based on the information available to the

Executive Board and the Supervisory Board upon publication of this Statement and reflect their estimates or intentions at this point in time. Forward-looking statements express intentions, views, or expectations and are subject to known or unknown risks and uncertainties, as these relate to events and depend on circumstances, which will take place in the future. Words such as "may", "should", "aim", "will", "expect", "intend", "assess", "anticipate", "believe", "plan", "determine" or similar expressions indicate forward-looking statements. The Executive Board and the Supervisory Board assume that the expectations contained in such forward-looking statements are based on justified and comprehensible assumptions and that they are accurate and complete to the best of their knowledge as of the present day. However, the underlying assumptions can change after the date of publication of this Statement due to political, economic or legal events.

The Executive Board and the Supervisory Board do not intend to update this Statement and shall not assume any obligation to update this Statement, provided that such updates are not mandatory under German law.

The information contained in this Statement relating to the Bidder, the persons acting jointly with the Bidder and the Offer are based on information included in the Offer or on other information in the public domain, unless expressly stated otherwise. The Executive Board and the Supervisory Board were not able to inspect important documentation of the Bidder prior to issuing this Statement, so that the Executive Board and the Supervisory Board are possibly not able to take account of important circumstances, which relate to the Bidder.

The Executive Board and the Supervisory Board point out that the GRAMMER Shareholders who intend to accept the Offer should examine whether this acceptance is reconcilable with any legal obligations, which result from personal circumstances (e.g. security rights to the shares or sales restrictions). The Executive Board and the Supervisory Board are not able to examine such individual obligations and/or take these into account in their recommendation. The Executive Board and the Supervisory Board recommend that all persons who receive the offer documentation outside of the Federal Republic of Germany or who intend to accept the Offer, but are subject to the securities laws of a legal system other than that of the Federal Republic of Germany, inform themselves about the relevant legal situation and act in accordance with this. The Executive Board and the Supervisory Board recommend to the shareholders, where necessary, to obtain individual tax advice (see also Section 19 of the Offer Document).

The Executive Board and the Supervisory Board are also not in the position to verify the intentions set out by the Bidder in the Offer Document or to influence the implementation of the Bidder's intentions. Details regarding the Bidder's intentions are exclusively based on the information provided by the Bidder in the Offer Document, unless reference is made to another source. The Executive Board and the Supervisory Board have no information available, which suggests that the correctness of the Bidder's disclosures regarding its intentions or their implementation should be questioned. However, the Executive Board and the Supervisory Board point out that the Bidder's intentions under Section 9 of the Offer Document are as of the date of publication of the Offer Document. There is no legal obligation to implement the intentions declared in the Offer Document. Therefore, it cannot be ruled out that the Bidder will change its stated intentions and/or that the intentions published in the Offer Document will not be implemented.

3. Statement of the responsible works council

Pursuant to Section 27 para. 2 WpÜG, the responsible works council of GRAMMER can provide the Executive Board with a statement regarding the Offer, which the Executive Board must enclose to its Statement pursuant to Section 27 para. 2 WpÜG, notwithstanding its obligation pursuant to Section 27 para. 3 sentence 1 WpÜG. The Executive Board was informed by the responsible works council that it does not provide a statement.

4. **Publication of this Statement and potential changes to the Offer**

This Statement as well as any amendments and/or additional statements regarding possible changes to the Offer will be published in accordance with Section 27 para. 3 and Section 14 para. 3 sentence 1 WpÜG on the internet at the website of the Company at http://www.grammer.com under the heading *Investor Relations*. Copies of the statements will be held for distribution free of charge at GRAMMER AG, *Investor Relations*, Georg-Grammer-Straße 2, 92224 Amberg, and can be requested to be sent free of charge at the e-mail address investor-relations@grammer.com or telephone number +49 (0) 9621 66 2200, as well as fax number +49 (0) 9621 66 322 00. The internet address at which the publication is made available, as well as the location for distribution free of charge, will be published through a notice in the Federal Gazette (*Bundesanzeiger*).

5. **Own responsibility for examination by the GRAMMER Shareholders**

The Executive Board and the Supervisory Board point out that the description of the Bidder's offer that is contained in this Statement does not claim to be complete and that provisions of the Offer Document alone are determinative for the content and completion of the Offer. The information and assessments of the Executive Board and the Supervisory Board contained in this Statement do not bind the GRAMMER Shareholders in any way. Where this Statement refers to, cites, summarizes or reproduces the Offer or the Offer Document, these are only references, as a result of which the Executive Board and the Supervisory Board are neither adopting the Offer nor the Offer Document, nor are they assuming any guarantee for the correctness or completeness of the Offer and the Offer Document. Each GRAMMER Shareholder is responsible for taking note of the Offer Document, forming an opinion on the Offer and taking any necessary measures. Insofar as GRAMMER Shareholders accept the Offer or not, they are responsible for complying with the requirements and conditions described in the Offer Document.

The Offer Document is available on the internet at http://www.allianceforthefuture.com and can be obtained in the form of printed copies free of charge from COMMERZBANK Aktiengesellschaft, CC-CF ECM Technical Execution, Mainzer Landstraße 151, 60327 Frankfurt am Main, Germany (inquiries via fax at +49 69 136 23 449 stating the full postal address).

The Executive Board and the Supervisory Board recommend that all GRAMMER Shareholders read the Offer Document in detail, as well as this Statement, prior to making a decision regarding acceptance of the Offer.

Overall, each GRAMMER Shareholder must make an independent decision about whether and to what extent to accept the Offer, in consideration of the overall situation, own individual circumstances (including the personal tax situation) and a personal assessment of the future development of the value and the stock exchange price of the GRAMMER Share. To make this decision, the GRAMMER Shareholders should use all sources of information available to them and take sufficient account of their personal interests. The Executive Board and the Supervisory Board assume no responsibility for this decision by the GRAMMER Shareholders.

II. GENERAL INFORMATION REGARDING GRAMMER AND THE BIDDER

1. **GRAMMER**

1.1 Legal basis of GRAMMER

GRAMMER is a listed German stock corporation with its registered seat in Amberg, Germany, and is registered in the commercial register of the Local Court of Amberg under HRB 1182. The business address of the Company is Georg-Grammer-Straße 2, 92224 Amberg, Germany.

The corporate purpose of GRAMMER as set forth in its articles of association is the development, production, delivery, and distribution of seats as well as interior components and systems for the automotive industry and of products for related technologies. GRAMMER is entitled to undertake all transactions and measures that appear suitable to promote the corporate purpose. In particular, GRAMMER may establish, acquire or participate in domestic or foreign branch offices, business premises, and other enterprises and may transfer its business in whole or in part to such enterprises. GRAMMER may also enter into intercompany agreements, cooperation agreements, and joint venture agreements.

The Company's financial year is the calendar year.

The GRAMMER Shares are admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (Prime Standard) and on the regulated market (*Regulierter Markt*) of the Munich Stock Exchange under ISIN DE 0005895403 and are also traded via the electronic trading system XETRA and on the open market (*Freiverkehr*) of the stock exchanges Stuttgart, Berlin and Hamburg. The GRAMMER Shares are included in the share index SDAX.

1.2 Members of the Executive Board and the Supervisory Board of GRAMMER

The Executive Board of GRAMMER presently consists of Hartmut Müller (Chief Executive Officer), Gérard Cordonnier (Chief Financial Officer) and Manfred Pretscher (Chief Operating Officer).

The Supervisory Board of GRAMMER consists of twelve members. Six of these members are appointed by the general meeting and six further members are elected by the employees. The current members of the Supervisory Board are Dr.-Ing. Klaus Probst, Horst Ott*, Andrea Elsner*, Tanja Fondel, M.A.*, Dipl. Betriebswirt (FH) Wolfram Hatz, Martin Heiß*, Lic. Oec. HSG Ingrid Hunger, Dipl.-Betriebswirt (FH) Harald Jung*, Dr. Peter Merten, Lars Roder*, Prof. Dr.-Ing. Birgit Vogel-Heuser, and Dr. Bernhard Wankerl.

(*Employee representatives).

1.3 Capital structure of GRAMMER

At the time of this Statement, the Company's share capital amounts to EUR 32,274,229.76 and is divided into 12,607,121 no-par value bearer shares, each representing a pro rata amount of the share capital of EUR 2.56 per GRAMMER Share. As of the date of this Statement GRAMMER holds 330,050 treasury shares (**"Treasury Shares"**). For further information please see Section II.1.3(c) of this Statement.

(a) Authorized capital

Pursuant to Section 5 para. 3 of GRAMMER's articles of association, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the registered share capital of the Company, once or several times, by up to EUR 14,777,182 in aggregate in the time period until 25 May 2016 against contributions in cash and/or in kind (**"Authorized Capital 2011"**). The shareholders shall be granted subscription rights in principle. The new shares may be subscribed for by one or several banks with the obligation to offer them to the shareholders.

However, the Executive Board is authorized, subject to approval by the Supervisory Board, to exclude shareholder subscription rights

- for fractional amounts resulting from the subscription ratio (*Spitzenbeträge*);

- if a capital increase in exchange for contributions in kind takes place for the purpose of acquiring companies or interests in companies or parts of companies or for the purpose of acquiring claims against GRAMMER;

- if a capital increase in exchange for cash contributions does not exceed 10% of the existing share capital and the new shares are issued at a price that is not significantly lower than the stock exchange price (Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*, **"AktG"**); when using this authorization while excluding subscription rights pursuant to Section 186 para. 3 sentence 4 AktG, the exclusion of subscription rights due to other authorizations under Section 186 para. 3 sentence 4 AktG shall be taken into account.

The Executive Board is authorized, subject to approval by the Supervisory Board, to determine the further details of the capital increase and its execution.

The period during which the Authorized Capital 2011 may be used by the Executive Board has expired.

(b) Conditional capital

The general meeting of GRAMMER resolved in 2014 on a conditional share capital increase of up to EUR 14,777,182.72 by the issuance of up to 5,772,337 new bearer shares (**"Conditional Capital 2014/I"**). Following the issuance of convertible bonds by GRAMMER in February 2017 and the subsequent conversion of these bonds in April 2017, the original amount of the Conditional Capital 2014/I has been reduced. As part of the conversion of the bonds, 1,062,447 new GRAMMER Shares have been issued on the basis of the Conditional Capital 2014/I. These shares are included in the total number of GRAMMER Shares (12,607,121) as of the date of the publication of this Statement. GRAMMER has not issued any further conversion or option rights on the basis of the Conditional Capital 2014/I.

Pursuant to Section 5 para. 4 of GRAMMER's articles of association, GRAMMER's share capital is conditionally increased by up to EUR 12,057,318.40 by the issuance of up to 4,709,890 new bearer shares. The conditional capital increase shall only be carried out to the extent that the holders of convertible and/or option bonds issued by GRAMMER until 27 May 2019 on the basis of the authorization granted at the general meeting on 28 May 2014 exercise their conversion or option rights, or conversion obligations resulting from such bonds are fulfilled, to the extent that the obligations are not fulfilled in another manner.

The new shares shall convey profit participation rights as of the beginning of the financial year in which they come into existence as a result of conversion or option rights being exercised or conversion obligations being fulfilled. The Executive Board is authorized, subject to the approval of the Supervisory Board, to determine the further details of the execution of the conditional capital increase.

(c) Treasury Shares

By resolution of the general meeting on 28 May 2014, the Executive Board of the Company was authorized in accordance with Section 71 para. 1 no. 8 AktG to acquire treasury shares amounting to up to 10% of the share capital until 27 May 2019. The Executive Board did not make use of this authorization. As of the date of this Statement GRAMMER still holds 330,050 Treasury Shares, which were all acquired in the financial year 2006. GRAMMER undertook towards the Bidder not to accept the Offer with respect to the Treasury Shares.

1.4 Structure and business activity of GRAMMER and the GRAMMER Consolidated Group

The GRAMMER Consolidated Group is an internationally active corporate group which specializes in the development and manufacturing of interior components and systems for passenger vehicles as well as driver and passenger seats for trucks, trains and off-road commercial vehicles. The GRAMMER Consolidated Group operates in 40 production and logistics locations worldwide, which manufacture and sell high-quality products for the vehicle industry with a high degree of vertical integration. In addition to the parent company GRAMMER, the GRAMMER Consolidated Group comprises 30 fully consolidated subsidiaries and one at-equity consolidated joint venture company, which operate in a total of 19 countries on four continents.

The business activities of the GRAMMER Consolidated Group are divided into two segments: Automotive and Commercial Vehicles.

In the Automotive segment, the GRAMMER Group develops, manufactures, and distributes headrests, armrests, center console systems and interior components. Its customers are primarily premium passenger car manufacturers and automotive system suppliers.

On 22 May 2018, GRAMMER signed a share purchase agreement to acquire 100% of shares of Toledo Molding & Die Inc. (**"TMD Transaction"**). Based in Toledo, Ohio, United States, Toledo Molding & Die Inc. (**"TMD"**) is a specialist in the development and production of thermoplastic products and applications in the North American automotive market. In the financial year 2017 TMD, with approximately 1,600 employees at 11 facilities in the United States and Mexico, generated consolidated revenues of more than USD 300 million.

In the Commercial Vehicles segment, the GRAMMER Group operates as a supplier to the commercial vehicles industry, developing and manufacturing suspended driver and passenger seats for trucks and off-road commercial vehicles (agricultural, construction machinery, and forklift vehicles) and distributes these to commercial vehicle manufacturers or aftermarket suppliers. This segment also develops and produces driver and passenger seats for sale to manufacturers of buses and railway vehicles, as well as railway operators.

1.5 Business development and selected financial figures of GRAMMER and the GRAMMER Consolidated Group

According to the Annual Report for the financial year 2017, the GRAMMER Consolidated Group generated in the financial year 2017 a consolidated revenue of EUR 1.79 billion[1] (previous year: EUR 1.70 billion). The Automotive segment accounted for 1.29 billion (previous year: EUR 1.27 billion) and the Commercial Vehicles segment for EUR 540.2 million (previous year: EUR 473.6 million). The consolidated net profit for the financial year 2017 amounted to EUR 32.4 million (previous year: EUR 45.2 million).

On 21 March 2018, GRAMMER's Executive Board published its profit forecast for the financial year 2018. Overall, the Executive Board expects a slightly positive development of the GRAMMER Consolidated Group. With the currency environment remaining virtually unchanged, the Company expects revenues to exceed EUR 1.85 billion in financial year 2018. Assuming that there will be no significant special charges in 2018, the Company expects EBIT for the GRAMMER Consolidated Group to be clearly positive in absolute

[1] Please note that the revenues of the two segments (i.e. Automotive and Commercial Vehicles) into which the GRAMMER Consolidated Group divides its business activities and which are described in detail below, do not result in a consolidated amount of EUR 1.79 billion due to certain transfers between the two segments since the transfers between the two segments (in total approximately EUR 45 million) are eliminated during consolidation at the Group level.

terms above the EBIT of EUR 66.5 million for the financial year 2017 and thus a further positive development of operating profitability above previous year's level.

For further details about GRAMMER and the business development of GRAMMER and the GRAMMER Consolidated Group reference is made to the financial reports and interim reports of GRAMMER, which are published on the internet at http://www.grammer.com under the heading *Investor Relations*.

2. **Bidder**

The Bidder disclosed the following information in the Offer Document. This information has not been or has been only partially examined by the Executive Board and the Supervisory Board. The Executive Board and the Supervisory Board do not assume any liability for correctness of such information.

2.1 Legal basis and capital structure of the Bidder

Pursuant to Section 6.1.1 of the Offer Document, the Bidder is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Frankfurt am Main, Germany, under registration number HRB 109697. The Bidder was registered with the commercial register on 28 September 2017. The business address of the Bidder is Steigweg 24, 97318 Kitzingen, Germany c/o Jifeng Automotive Interior GmbH. The Bidder's business object encompasses the holding and administration of participation interests. The Bidder may further acquire other enterprises and may participate in such enterprises, also in the capacity of personally liable general partner. The registered share capital of the Bidder amounts to EUR 25,000. The financial year of the Bidder is the calendar year. The Bidder does not have any employees and its sole director is Mr. Jimin Wang who has the power to solely represent the Bidder.

2.2 Bidder's shareholder structure

Pursuant to Section 6.1.2 of the Offer Document, the companies and persons described in Sections 6.1.2 to 6.3 of the Offer Document (together the **"Bidder Parent Shareholders"**) directly or indirectly hold participations in the Bidder. For an overview of the current shareholder structure of the Bidder as described in the following please refer to the chart contained in Appendix 1 to the Offer Document. The Bidder is ultimately and indirectly controlled by Ms. Bifeng Wu, who is coordinating her exercising of and acquisition of voting rights attaching to GRAMMER Shares with, amongst others, Mr. Yiping Wang and Mr. Jimin Wang (together with Ms. Bifeng Wu collectively the **"Wang Family"**) (see section 6.3 of the Offer Document). Ms. Bifeng Wu is married to Mr. Yiping Wang. Mr. Jimin Wang is their common son.

The direct sole shareholder of the Bidder is Jiye Auto Parts (Luxembourg) S.à r.l., a limited liability company (*Société à responsabilité limitée*) established under the laws of the Grand Duchy of Luxembourg and registered with the trade and companies register of Luxembourg (*Registre de Commerce et des Sociétés*) under registration number B 218.028 (**"Jiye Luxembourg"**). The sole shareholder of Jiye Luxembourg is Ningbo Jiye Investment Co., Ltd., a limited liability company incorporated under the laws of the PRC registered with the Market Supervision Administration Bureau of Ningbo, Beilun under Unified Social Credit Number (Chinese business registration number) 91330206MA2AENMGGXB (**"Jiye Holdco"**).

Currently, Jiye Holdco has two shareholders, namely Ningbo DZ Jihan Investment Partnership (*Limited Partnership*), a limited partnership incorporated under the laws of the PRC registered with the Market Supervision Administration Bureau of Ningbo, Beilun under Unified Social Credit Number (Chinese business registration number) 91330206MA2AGBDN83 (**"Jihan"**), and Ningbo Jihong Investment Co., Ltd., a limited liability company incorporated under the laws of the PRC registered with the Market Supervision Administration Bureau of Ningbo, Beilun under Unified Social Credit Number (Chinese business registration number) 91330206MA2AG6FH85 (**"NBJH"**). Jihan holds a majority of Jiye Holdco's share capital and voting rights.

According to the information provided by the Bidder in Section 6.1.2 of the Offer Document, prior to the settlement of the Offer, one or more other equity investors may become shareholders in Jiye Holdco (for information on the future other shareholders of Jiye Holdco please see Section 14.1.2(a) of the Offer Document). When such other shareholders invest in Jiye HoldCo, NBJH will transfer its equity interest in Jiye Holdco to Jihan.

(a) Current partners of Jihan

Jihan has two general partners, namely:

- NBJH, with a current capital commitment in the amount of RMB 380.0 million (equaling approximately EUR 49.4 million calculated on the basis of the exchange rate of RMB 7.6995 to EUR 1.00 (**"Hedged Exchange Rate"** corresponding to the definition in Section 14.1.1 of the Offer Document; and

- DZ Rongtong Investment Management Co., Ltd., a limited liability company incorporated under the laws of the PRC registered with the Market Supervision Administration Bureau of Beijing, Western City under Unified Social Credit Number (Chinese business registration number) 9111010256579440XR (**"DZRT"** and together with NBJH, **"General Partners"**), with a current capital commitment in the amount of RMB 300.0 million (equaling approximately EUR 39.0 million calculated on the basis of the Hedged Exchange Rate).

Jihan has currently one limited partner, namely Ningbo Jihong Investment Co., Ltd., a limited liability company incorporated under the laws of the PRC registered with the Market Supervision Administration Bureau of Ningbo, Beilun under Unified Social Credit Number (Chinese business registration number) 91330206570538988E (**"NJH"**), with a current capital commitment in the amount of RMB 820.0 million (equaling approximately EUR 106.5 million calculated on the basis of the Hedged Exchange Rate). NJH is also the sole shareholder of NBJH which gives NJH control over NBJH. As a consequence, NJH has indirect controlling influence over Jihan and all of Jihan's subsidiaries.

(b) Current partnership agreement of Jihan

On 27 April 2018, NBJH, DZRT and NJH entered into a partnership agreement (**"Jihan Partnership Agreement"**) that has been later registered with the competent authority. Pursuant to the Jihan Partnership Agreement, NBJH is acting as the executive general partner of Jihan, i.e., all rights, powers and authorities in relation to the management of Jihan and the administration of its shareholdings, as well as any other measures for the purpose of promoting its business are exercised and carried out solely by NBJH.

The number of Jihan's limited partners will increase before the settlement of the Offer. Section 14.1.2(a) of the Offer Document contains information on the future other limited partners of Jihan that have undertaken to provide capital to Jihan under an investment and partnership agreement that has not been registered with the competent authority yet (**"Jihan Investment Agreement"**). NBJH will remain in control of Jihan.

(c) Shareholders of NJH

NJH acts as a holding company for the Wang Family, i.e., Mr. Yiping Wang, Ms. Bifeng Wu and Mr. Jimin Wang. NJH is controlled by Ms. Bifeng Wu.

Section 14.1.2(a) of the Offer Document contains information on the additional limited partners who will join Jihan before the settlement of the Offer.

2.3 Information about NJH and its major holdings

Pursuant to Section 6.2. of the Offer Document, NJH holds a variety of assets. Its major portfolio company is Ningbo Jifeng Auto Parts Co., Ltd., a limited liability company established under the laws of the PRC (**"Ningbo Jifeng"**, and together with its direct and indirect subsidiaries the **"Ningbo Jifeng Group"**, and NJH together with (i) the Ningbo Jifeng Group, (ii) NJH's direct and indirect subsidiaries controlling the Bidder and (iii) the Bidder, the **"NJH Group"**). NJH directly holds 48.94% in Ningbo Jifeng. Ningbo Jifeng is fully consolidated by NJH. Further 23.03% in Ningbo Jifeng is held by Wing Sing International Co., Ltd., a limited liability company incorporated under the laws of Samoa registered with Registrar of International and Foreign Companies (**"Wing Sing"**). Wing Sing is wholly owned by Ms. Bifeng Wu.

Ningbo Jifeng is an internationally active supplier of interior components for the automotive industry and specializes in the development, production and assembly of headrests, armrests and headrest rods primarily for passenger cars. According to its own assessment, Ningbo Jifeng holds a leading position in the passenger headrests market (including headrest rods) in the PRC. The Ningbo Jifeng Group maintains stable customer relationships with various top Chinese automotive original equipment manufacturers (**"OEMs"**) such as FAW, Great Wall Motor, Changan Automotive, Geely Auto, GAC Group, as well as their joint ventures with western car manufacturers such as FAW-Volkswagen, Changan Ford and GAC-FCA.

Ningbo Jifeng is a publicly listed company and its shares have been traded on the Shanghai Stock Exchange since 2015 under stock code 603997.SH. According to the information provided by the Bidder in Section 6.2 of the Offer Document, on 28 May 2018, Ningbo Jifeng had a market capitalization of RMB 7.0 billion. Applying an exchange rate of RMB 1 : EUR 0.13423 (interbank bid rate as of 28 May 2018 taken from the website http://www.oanda.com), this amounts to EUR 941.0 million.

As of 31 December 2017, the Ningbo Jifeng Group fully consolidated 23 subsidiaries worldwide (31 December 2016: 18). According to the information provided by the Bidder in Section 6.2 of the Offer Document, as of such date, the Ningbo Jifeng Group had approximately 3,274 employees (31 December 2016: approximately 2,991 employees) worldwide. In its financial year ending on 31 December 2017, Ningbo Jifeng Group generated consolidated operating revenues of approximately RMB 1.9 billion and consolidated earnings of approximately RMB 293.0 million (net income attributable to shareholders of Ningbo Jifeng). In its financial year ending on 31 December 2016, Ningbo Jifeng Group generated consolidated operating revenues of approximately RMB 1.5 billion and consolidated earnings of approximately RMB 250.0 million (net income attributable to shareholders of Ningbo Jifeng).

Applying an exchange rate of RMB 1 : EUR 0.13115 (average exchange rate (interbank, bid) for the financial year 2017 taken from the website http://www.oanda.com (**"Exchange Rate 2017"**)), according to the information provided by the Bidder in Section 6.2 of the Offer Document, Ningbo Jifeng Group generated in its financial year 2017 consolidated operating revenues of approximately EUR 249.0 million [2] and

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[2] The difference between the sum of operating revenues shown for the three main business segments and the total operating revenues of Ningbo Jifeng Group is attributable to certain non-material other operations.

consolidated earnings of approximately EUR 38.0 million (net income attributable to shareholders of Ningbo Jifeng). Applying an exchange rate of 1 RMB : 0.13603 EUR (average exchange rate (interbank, bid) for the financial year 2016 taken from the website http://www.oanda.com) (**"Exchange Rate 2016"**)) Ningbo Jifeng Group generated in its financial year 2016 consolidated operating revenues of approximately EUR 199.0 million and consolidated earnings of approximately EUR 34.0 million (net income attributable to shareholders of Ningbo Jifeng).

According to Section 6.2 of the Offer Document, Ningbo Jifeng's strategic focus is to become a global leading supplier of automotive interior parts that can develop and provide customers with an even broader portfolio of high-value products.

According to Section 6.2 of the Offer Document, Ningbo Jifeng Group currently operates mainly in three main business segments: headrest, armrest and headrest rod. On the basis of the Exchange Rate 2017, the Ningbo Jifeng Group generated consolidated revenues of approximately EUR 119.4 million in the headrest segment, approximately EUR 79.1 million in the armrest segment and EUR 18.8 million in the headrest rod segment in the financial year 2017.

2.4 Persons acting jointly with the Bidder

According to Section 6.3 of the Offer Document, the companies and individuals listed in Part 1, 2 and 4 of Appendix 2 of the Offer Document are persons acting jointly with the Bidder and among each other within the meaning of Section 2 para. 5 sentence 1 and sentence 3 WpÜG at the time of the publication of the Offer Document.

The individuals and companies listed in Part 1 of Appendix 2 of the Offer Document (**"Controlling Entities"**) control the Bidder at the time of publication of the Offer Document. Pursuant to an agreement dated 30 May 2018, the individuals and companies listed in Part 2 of Appendix 2 of the Offer Document (**"Coordinating Entities"**) coordinate their conduct according to Section 6.3 of the Offer Document regarding the exercise and the acquisition of voting rights in GRAMMER with the Controlling Entities in accordance with Section 2 para. 5 sentence 1 WpÜG.

According to the information provided by the Bidder in Section 6.3 of the Offer Document, the companies listed in Part 4 of Appendix 2 of the Offer Document do not coordinate their conduct with the Bidder with regard to their acquisition of GRAMMER Shares or the exercise of voting rights attached to GRAMMER Shares on the basis of an agreement or otherwise within the meaning of Section 2 para. 5 sentence 1 WpÜG. They are deemed to constitute persons acting jointly with the Bidder and among each other pursuant to Section 2 para. 5 sentence 3 WpÜG).

The Bidder and the Controlling and Coordinating Entities listed in Part 1 and 2 of Appendix 2 of the Offer Document, which coordinate the exercise of voting rights in GRAMMER are, according to information provided by the Bidder in Section 6.3 of the Offer Document regarded as "acting in concert" within the meaning of Section 30 para. 2 WpÜG. According to Section 6.4 of the Offer Document, the Bidder undertakes to implement the Offer also for the benefit of the Controlling and Coordinating Entities mentioned above in order to release them from any potential obligations pursuant to Section 35 para. 1 and para. 2 WpÜG.

The Controlling Entities and the Coordinating Entities are outlined in the chart in part 3 of Appendix 2 of the Offer Document.

Beyond this, according to Section 6.3 of the Offer Document there are no further persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG.

2.5 GRAMMER Shares currently held by the Bidder or by persons acting jointly with the Bidder and their subsidiaries; attribution of voting rights

Pursuant to Section 6.5 of the Offer Document, on the date of publication of the Offer Document, the Bidder directly holds 3,222,961 GRAMMER Shares (**"Held GRAMMER Shares"**), i.e., approximately 25.56% of the issued share capital and – after exclusion of Treasury Shares (as defined in Section 7.6 of the Offer Document and Section II.1.3 of this Statement), which do not grant voting rights by operation of law – 26.25% of voting rights in GRAMMER. On 30 May 2018, the Bidder and JAP Capital Holding GmbH (**"JAP Germany"**) (an affiliate of the Bidder) entered into a sale and purchase agreement (**"JAP Shares SPA**") under which JAP Germany undertook to transfer, outside of the Offer, the Held GRAMMER Shares to the Bidder at a price per GRAMMER Share of EUR 60.00 subject to fulfillment of certain conditions. This transfer took place on 14 June 2018.

According to Section 6.5 of the Offer Document, on the date of the publication of the Offer Document neither the Bidder nor any persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG or any of their subsidiaries hold any further GRAMMER Shares or voting rights in GRAMMER.

According to Section 6.5 of the Offer Document, on the date of publication of the Offer Document, the voting rights attached to the Held GRAMMER Shares (held directly by the Bidder) shall be attributed to Ms. Bifeng Wu, NJH, NBJH, Jihan, Jiye Holdco and Jiye Luxembourg pursuant to Section 30 para. 1 sentence 1 no. 1 and sentence 3 WpÜG as well as Section 30 para. 2 WpÜG and to Mr. Yiping Wang, Mr. Jimin Wang, Ningbo Jifeng, Wing Sing, JAP Capital Limited and JAP Germany pursuant to Section 30 para. 2 WpÜG. Other than this, on the date of publication of the Offer Document, no other voting rights from GRAMMER Shares are attributed to the Bidder or to persons acting jointly with it or their subsidiaries pursuant to Section 30 para. 1 or para. 2 WpÜG.

The Bidder declared in Section 6.5 of the Offer Document that neither the Bidder nor any person acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG nor any of their subsidiaries hold, directly or indirectly, any instruments within the meaning of Section 38 of the German Securities Trading Act (*Wertpapierhandelsgesetz*, **"WpHG"**) and, accordingly, no other percentage of voting rights with respect to GRAMMER to be notified pursuant to Sections 38, 39 WpHG.

3. Information about securities acquisitions

Pursuant to Section 6.6 of the Offer Document, on 30 May 2018, JAP Germany and the Bidder entered into the JAP Shares SPA pursuant to which on 14 June 2018 JAP Germany transferred the Held GRAMMER Shares outside the Offer to the Bidder at a price per GRAMMER Share of EUR 60.00.

Pursuant to Section 6.6 of the Offer Document, except for this transaction, neither the Bidder nor any persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG, nor any of their subsidiaries acquired or entered into agreements with respect to the acquisition of GRAMMER Shares in the period beginning six months prior to the announcement of the Bidder's decision to launch the offer and ending on 25 June 2018 (the date of the publication of the Offer Document).

4. Possible future acquisitions

Pursuant to Section 6.7 of the Offer Document, the Bidder reserves the right, within the limits of the law, to acquire, or make arrangements to acquire, GRAMMER Shares other than in the course of the Offer, on or off the stock exchange, provided that such acquisitions or arrangements to acquire do not occur in the United States, comply with the applicable German statutory provisions, in particular the WpÜG, and the Offer Price must be increased to match any consideration paid outside the Offer if higher than the Offer Price.

Information about such acquisitions or arrangements to acquire will be published pursuant to Section 23 para. 2 in conjunction with Section 14 para. 3 sentence 1 WpÜG. Such information will also be published by way of a non-binding English translation on the Bidder's website.

III. INFORMATION ABOUT THE OFFER

In the following some selected information, exclusively taken from the Offer Document or from publications of the Bidder about the Offer, will be summarized. As explained in more detail in Section III.9 of this Statement, for their decision regarding acceptance or rejection of the Offer, GRAMMER Shareholders should carefully review the Offer Document and not rely on the following summary of the offer conditions.

1. Implementation of the Offer

The Offer is being implemented by the Bidder in the form of a voluntary public takeover offer (cash offer) for the acquisition of all GRAMMER Shares pursuant to Section 29 para. 1 WpÜG. The Offer shall be implemented as a takeover offer under German law, particularly the WpÜG and the Offer Regulation of the German Securities Acquisition and Takeover Act (*Angebotsverordnung zum Wertpapiererwerbs- und Übernahmegesetz*, **"WpÜG Offer Regulation"**). The Executive Board and the Supervisory Board have not performed their own review of the Offer regarding compliance with the relevant legal regulations.

2. Publication of the decision to submit the Offer

The Bidder published its decision to submit the Offer pursuant to Section 10 para. 1 sentence 1 WpÜG on 29 May 2018. The publication is available to download on the internet at http://www.allianceforthefuture.com.

3. Review by the German Federal Financial Supervisory Authority (BaFin) and publication of the Offer Document

According to the details under Sections 1.4 and 12.3 of the Offer Document and the information provided by the Bidder, the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, **"BaFin"**) approved the publication of the Offer Document on 22 June 2018. In the Offer Document, the Bidder states that, other than in the Federal Republic of Germany, no further registrations, authorizations, or approvals of the Offer Document or the Offer have been initiated or applied for.

According to Section 1.5 of the Offer Document, the Bidder published the Offer Document on 25 June 2018 by (i) publication on the internet at http://www.allianceforthefuture.com as well as (ii) keeping available copies of the Offer Document for distribution free of charge through COMMERZBANK Aktiengesellschaft, CC-CF ECM Technical Execution, Mainzer Landstraße 151, 60327 Frankfurt am Main, Germany (**"Central Settlement Agent"**) (request per fax +49 (69) 136 – 23449 stating the full postal address). According to the Offer Document, the notice of advice regarding availability of the Offer Document from the Central Settlement Agent and the internet address at which the Offer Document is published was published in the Federal Gazette (*Bundesanzeiger*) on 25 June 2018. In addition, the Bidder made available a non-binding English translation of the Offer Document, which has not been reviewed by BaFin, at http://www.allianceforthefuture.com.

Under Section 1.5 of the Offer Document, the Bidder points out that the publication, sending, distribution or dissemination of the Offer Document outside of the Federal Republic of Germany and the United States may fall under the scope of legal provisions of jurisdictions other than those of the Federal Republic of Germany and the United States in which the publication, sending, distribution or dissemination of the Offer Document may be subject to legal restrictions. Therefore, the Offer Document may not be sent by third parties to other countries or be sent, published, distributed, or disseminated in other countries, in which such sending, publication, distribution or dissemination would be illegal. The Bidder has not given its permission for the dispatch, publication, distribution or dissemination of the Offer Document outside the Federal Republic of Germany and the United States. This does not conflict with the dissemination of the Offer Document (and the acceptance of the Offer) in the Member States of the EU and/or the European Economic Area. Therefore, custodian investment service providers may not publish, dispatch, distribute or disseminate the Offer Document outside the Federal Republic of Germany, the member states of the European Union and the European Economic Area and the United States.

4. **Acceptance of the Offer outside of the Federal Republic of Germany**

The Offer may be accepted by all domestic and foreign GRAMMER Shareholders in accordance with the terms outlined in the Offer Document and the applicable statutory provisions, However, under Section 1.6 of the Offer Document, the Bidder points out that the acceptance of the Offer outside of the Federal Republic of Germany or the United States may be subject to certain legal restrictions as a result of local regulations. GRAMMER Shareholders who come into possession of the Offer Document outside of the Federal Republic of Germany or the United States, who wish to accept the Offer outside of the Federal Republic of Germany or the United States and/or who are subject to legal provisions other than those of the Federal Republic of Germany or the United States are advised to inform themselves of the relevant applicable legal provisions and to comply with them. Under Section 1.6 of the Offer Document, the Bidder points out that it assumes no responsibility for acceptance of the Offer outside of the Federal Republic of Germany or the United States being permissible under the relevant applicable legal provisions.

5. **Background to the Offer**

According to information in Section 8.1 of the Offer Document, the rationale of the launch of the voluntary public takeover offer (the **"Transaction"**) is to strengthen and deepen the strategic cooperation between GRAMMER and the Ningbo-Jifeng Group. Specifically, the merger pursues the following long-term goals:

Broaden the market and customer access of the GRAMMER Group and the Ningbo Jifeng Group

According to information provided by the Bidder in Section 8.1(i) of the Offer Document, the GRAMMER Group and the Ningbo Jifeng Group are well positioned to collaborate in expanding their respective market access following the Transaction. The Transaction will provide opportunity for the Ningbo Jifeng Group (which currently mainly focuses on the headrest and armrest markets for passenger vehicles produced in the PRC), to significantly expand its worldwide market presence through potential commercial partnerships between the Ningbo Jifeng Group and the GRAMMER Group. In particular, both parties should capitalize on GRAMMER Group's global distribution channels.

For the GRAMMER Group, the PRC is the second most important market following Germany. GRAMMER Group generates approximately 16% of its consolidated revenue in the APAC region, including the PRC. As the world's largest automotive market with strong growth expected, the PRC is a market with growth potential for the GRAMMER Group. According to information provided by the Bidder in Section 8.1(i) of the Offer Document, Ningbo Jifeng Group has extensive experience in and knowledge of the Chinese automotive market, and can leverage its local marketing and sales expertise to assist GRAMMER Group in its expansion in the Chinese market.

According to the information provided by the Bidder in Section 8.1(i) of the Offer Document, the Ningbo Jifeng Group maintains stable customer relationships with a number of top Chinese automotive OEMs such as FAW, Great Wall Motor, Changan Automotive, Geely Auto, GAC Group, as well as their joint ventures with western car manufacturers such as FAW-Volkswagen, Changan Ford and GAC-FCA, while GRAMMER's key customers mainly include Volkswagen, Daimler and BMW. Given the limited direct overlap of customer base, the Transaction provides opportunities for the Ningbo Jifeng Group and the GRAMMER Group to broaden their respective customer bases.

Expand the product portfolio of the GRAMMER Group and the Ningbo Jifeng Group

According to Section 8.1(ii) of the Offer Document, Ningbo Jifeng Group primarily manufactures and sells headrests, armrests and headrest rods for passenger vehicles. Besides headrests and armrests, GRAMMER Group also has a substantial market presence in center console systems and other automotive interior components for passenger vehicles as well as seating systems for trucks, buses, off-road vehicles and trains. From the Bidder's perspective, this will diversify the product portfolio of the NJH Group.

Optimizing the global footprint and promoting GRAMMER Group's and Ningbo Jifeng Group's innovation and growth strategy

The Ningbo Jifeng Group and the GRAMMER Group have a global network of production sites. According to the information in Section 8.1(iii) of the Offer Document, together, both companies could optimize the use of the sites by taking better advantage of free capacities and thus improving the capacity utilization of each site. The Ningbo Jifeng Group operates eight production sites in the PRC and sales offices and research institutes in five other countries. The GRAMMER Group could utilize these production sites to better serve customers in the PRC without having to additionally build own capacities. At the same time, the Ningbo Jifeng Group could benefit from the GRAMMER production sites outside of the PRC in order to accelerate growth in other countries.

Furthermore, the Ningbo Jifeng Group and the GRAMMER Group attach great importance to research and development in order to be able to provide innovative products compliant with state-of-the-art technology to their customers. In this context, the Ningbo Jifeng Group and the GRAMMER Group could support each other in research and development activities, thus promoting growth of both companies.

Deeper collaboration between both corporate groups

According to Section 8.1(iv) of the Offer Document, from the Bidder's perspective, there are many opportunities to potentially increase profitability over time by furthering the collaboration between the GRAMMER Group and the Ningbo Jifeng Group. Among others, both the GRAMMER Group and the Ningbo Jifeng Group can potentially benefit from joint procurement initiatives. Raw material costs account for a large percentage of GRAMMER Group's cost structure. In accordance with applicable laws, NJH can assist GRAMMER Group in seeking joint sourcing opportunities with the Ningbo Jifeng Group to increase profitability of both companies. Possible cost savings could result from larger combined purchase volume and stronger bargaining power on procurement terms. Furthermore, the leveraging of Ningbo Jifeng Group's efficient in-house production technologies could potentially have further positive effects on the financial benefits of the cooperation. The potential indirect transfer of the acquired GRAMMER Shares to Ningbo Jifeng (see Section 14.3 of the Offer Document) would likely facilitate such collaboration and enable the realization of such cost savings over time.

Continuation of the stabilization of GRAMMER's shareholder structure achieved since April 2017 through the participation of the Wang Family

According to Section 8.1(v) of the Offer Document, from the Bidder's perspective, the Transaction will help GRAMMER to establish a stable long-term shareholder structure that is recognizably anchored by NJH as a strategic major shareholder that recognizes the independence of management, the strategy, the management structure including works council and unions. NJH and its group companies are recognized as responsible and trustworthy partners for global automotive OEMs. NJH believes that the Transaction will be welcomed by GRAMMER Group's customers as it will help to support GRAMMER Group's stable management. As a result of the change in the shareholder structure post this Transaction, NJH expects that the GRAMMER Group will be in a position to again focus thoroughly on the implementation of its long-term strategic goals and on winning new orders from customers.

6. Business Combination Agreement

On 29 May 2018, GRAMMER, the Bidder and NJH (together the **"BCA Parties"**) entered into a business combination agreement (together with the amendment agreement of 11 June 2018, the **"Business Combination Agreement"**) which stipulates the principal terms and conditions of the Offer as well as the mutual intentions and understanding with regard to the Offer. The material terms of the Business Combination Agreement can be summarized as follows:

6.1 Material terms of the Offer

In the Business Combination Agreement, the Bidder agreed to submit a voluntary public takeover offer for all GRAMMER Shares based on the cash consideration as set forth in Section 4 of the Offer Document and the Completion Conditions described in Section 13.1 of the Offer Document.

6.2 Support of the Offer

The Executive Board and the Supervisory Board of GRAMMER agreed, to the extent legally possible and subject to applicable law and their fiduciary duties, that they will welcome and support the Offer and will recommend the acceptance thereof in their statement pursuant to Section 27 para. 1 WpÜG.

Such undertaking is subject to a receipt of a fully financed competing offer by a third party which the Executive Board of the Company determines to be more favorable than the Offer. In such a case, the obligation to support and recommend the Offer expires, provided that the Bidder does not exercise its right to amend the Offer in such a way that the amended Offer is more favorable to GRAMMER than the competing offer.

The BCA Parties have also agreed to cooperate with each other in all respects relating to the Offer, in particular with regard to obtaining the necessary merger control approvals.

6.3 Non-tender commitment of GRAMMER

GRAMMER has committed to not accept the Offer in respect of any Treasury Shares held by it.

6.4 Undertakings towards GRAMMER

The Bidder and NJH made a commitment towards the Company to ensure that during the term of the Business Combination Agreement GRAMMER will retain its legal form of a German stock corporation and not to change the company name, the registered seat or the corporate headquarters. In addition, the Bidder and NJH have undertaken to ensure that GRAMMER's integrity is maintained by not liquidating the Company and not selling the Company's entire business or significant parts thereof to third parties.

With regard to the GRAMMER's workforce, the Bidder and NJH recognize the high value of employees as an essential foundation for the further success of the Company and undertake to comply with existing works agreements or collective bargaining agreements and other additional payments or similar agreements, not to close or relocate any locations except for closures or relocations that have already been adopted by GRAMMER and not to reduce the current workforce and absolute wages and salaries.

Further undertakings relate to the maintenance of the current financing and dividend policy, the composition and competencies of the Executive Board, the current size and structure of the Supervisory Board, parity co-determination in the Supervisory Board, and the protection of GRAMMER's brands and intellectual property.

6.5 Future cooperation

The BCA Parties agreed on certain guiding principles in relation to the proposed cooperation between the Bidder on the one side and GRAMMER on the other side. Furthermore, the Business Combination Agreement contains numerous obligations and limitations of the Bidder and NJH, in particular in relation to the conclusion of enterprise agreements with GRAMMER, the continuity of GRAMMER's dividend and financing policy, the protection of GRAMMER's brands and intellectual property, the maintenance of GRAMMER's co-determination, the preservation of jobs and production locations as well as the composition of the Executive Board and the Supervisory Board. The aforementioned obligations and limitations influence and substantially determine the intentions of the Bidder, the Controlling Entities as well as the Coordinating Entities which are detailed in Section 9 of the Offer Document.

Under the Business Combination Agreement, the Bidder is entitled to transfer its shareholding in GRAMMER to another company of the NJH Group, provided that this company assumes these and all other obligations of the Bidder under the Business Combination Agreement.

The BCA Parties have agreed that NJH and GRAMMER will establish a committee consisting of representatives of both parties after successful completion of the Offer, which will have the purpose of coordinating and facilitating cooperation between the companies of the NJH Group and the GRAMMER Group for mutual benefit (**"Cooperation Committee"**). The Cooperation Committee will be of an advisory nature and will discuss, for example, potential joint projects in global purchasing, spare parts procurement, joint ventures and cross-selling.

Please refer to Section 8.2 of the Offer Document and Section III.6 of this Statement for further details on the Bidder's and NJH's intentions agreed between the parties of the Business Combination Agreement and stipulated in the Business Combination Agreement.

6.6 Composition of the Supervisory Board after completion of the Transaction

In the event that a member of the Supervisory Board of the Company resigns after completion of the Transaction, the Executive Board will propose a candidate nominated by the Bidder to the competent court for appointment in accordance with Section 104 para. 1 AktG, provided that the ratio of representatives of the Bidder on the Supervisory Board to the total size of the Supervisory Board corresponds to the ratio of GRAMMER Shares held by the Bidder and NJH to the total number of shares issued (excluding Treasury Shares).

The Bidder and NJH do not intend to be represented on the Supervisory Board by more than two members unless the stable and healthy business operations of the GRAMMER Group require it and the Executive Board does not implement suitable measures to restore the business operations of GRAMMER within a reasonable period or the Bidder and its affiliated companies hold in total more than 75% of the share capital of the Company.

6.7 Term of the Business Combination Agreement

The Business Combination Agreement has a fixed term of up to 7.5 years, with a term of 7.5 years applying in particular with respect to certain provisions relating to GRAMMER's workforce and employees. In addition, the Business Combination Agreement provides the BCA Parties with termination rights in certain defined circumstances.

7. **Main content of the Offer**

7.1 Subject matter of the Offer

Pursuant to the terms and conditions of the Offer Document, the Bidder is offering to acquire from all GRAMMER Shareholders no-par value bearer shares in GRAMMER (ISIN DE0005895403) held by them, with a proportional amount in the share capital of GRAMMER of EUR 2.56 each, including all ancillary rights existing at the time of the Offer.

All GRAMMER Shares that are held directly by the Bidder are not subject of the Offer.

7.2 Offer Price

As a consideration, the Bidder is offering the GRAMMER Shareholders EUR 60.00 per GRAMMER Share.

7.3 Acceptance Period and Additional Acceptance Period

The period for acceptance of the Offer started with the publication of the Offer Document on 25 June 2018 and ends on 23 July 2018, 24:00 hrs (local time Frankfurt am Main) (**"Acceptance Period"**). Under the circumstances listed below, the Acceptance Period for the Offer shall extend automatically, as follows:

- The Bidder may amend the Offer up to one working day (*Werktag*) before expiry of the Acceptance Period in accordance with Section 21 WpÜG. In the event of an amendment to the Offer in accordance with Section 21 WpÜG, the Acceptance Period pursuant to Section 5.1(a) of the Offer Document will be extended by two weeks if publication of the amendment takes place within the last two weeks before expiry of the Acceptance Period (Section 21 para. 5 WpÜG), i.e. until 6 August 2018, 24:00 hrs (local time Frankfurt am Main). This shall apply even if the amended Offer would be in violation of any laws.

- If a competing offer is made by a third party (the **"Competing Offer"**) during the Acceptance Period of the Offer and if the Acceptance Period for the present Offer expires prior to expiry of the acceptance period for the Competing Offer, the Acceptance Period for the present Offer shall be according to Section 5.1(b) of the Offer Document extended to correspond to the expiry date of the acceptance period of the Competing Offer (Section 22 para. 2 WpÜG). This shall apply even if the Competing Offer is amended or prohibited or contravenes statutory provisions.

- If a general meeting (*Hauptversammlung*) of GRAMMER is convened in connection with the Offer following publication of the Offer Document, the Acceptance Period will be extended as described in Section 5.1(c) of the Offer Document in accordance with Section 16 para. 3 WpÜG to ten weeks after publication of the Offer Document. The Acceptance Period would then end on 3 September 2018, 24:00 hrs (local time Frankfurt am Main). However, this is only in the event that the Bidder, before any such convention, effectively waives the Completion Condition (as defined under Section III.7.4 of this Statement) in Section 13.1.7 of the Offer Document or the convocation takes place due to a request of a shareholder pursuant to Section 122 para. 1 AktG.

The period for acceptance of the Offer, including all extensions of such period in accordance with the provisions of the WpÜG (but excluding the Additional Acceptance Period described in Section 5.3 of the Offer Document), is uniformly referred to as the "Acceptance Period" in the Offer Document. The Bidder will publish each extension of the Acceptance Period in accordance with the statements in Section 20 of the Offer Document. With regard to the right of withdrawal in the event of an amendment to the Offer or the launching of a Competing Offer, please refer to the statements contained in Section 16 of the Offer Document.

GRAMMER Shareholders that have not accepted the Offer within the Acceptance Period can still accept the Offer within two weeks after publication of the results of the Offer by the Bidder in accordance with Section 23 para. 1 sentence 1 no. 2 WpÜG (the **"Additional Acceptance Period"**), provided none of the Completion Conditions set forth in Section 13.1 of the Offer Document have ultimately lapsed as at the end of the Acceptance Period and such condition has not been effectively waived in advance (provided that it is not required for the Additional Acceptance Period that the Completion Conditions in Sections 13.1.2 and 13.1.3 of the Offer Document have already been fulfilled by the end of the Acceptance Period as they may also be fulfilled at a later point in time, see Sections 13.1.2 and 13.1.3 of the Offer Document). This means that the Offer can only be accepted during the Additional Acceptance Period if, in particular, the Completion Condition of obtaining the minimum acceptance threshold (please refer to Section III.7.4(a) of the Statement and Section 13.1.1 of the Offer Document) has been met as of the end of the Acceptance Period, unless this condition has validly been waived in advance.

After the end of the Additional Acceptance Period, the Offer cannot be accepted anymore unless sell-out right in accordance with Section 39c WpÜG (as further described in Section 17 (f) of the Offer Document) exists. Subject to an extension of the Acceptance Period pursuant to Section 5.2 of the Offer Document, the Additional Acceptance Period will presumably begin on 27 July 2018 and end on 9 August 2018, 24:00 hrs (local time Frankfurt am Main).

7.4 Completion Conditions

Pursuant to Section 13.1 of the Offer Document, the completion of the Offer and the contracts to be entered into with the GRAMMER Shareholders as a result of the acceptance of the Offer are subject to the following conditions (each a **"Completion Condition"** and together **"Completion Conditions"**) unless the Bidder effectively waived them before the expiry of the Acceptance Period and before the default of the respective Completion Condition.

(a) Minimum Acceptance Threshold

Upon expiry of the Acceptance Period, the aggregate number of all GRAMMER Shares,

(i) for which the Offer has been accepted,

(ii) held directly by the Bidder or persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG,

(iii) the voting rights of which are attributable to the Bidder or any person acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG pursuant to Section 30 WpÜG and which do not fall under Section 13.1.1(ii) of the Offer Document, and

(iv) with regard to which the Bidder or any person acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG has entered into a conditional or unconditional agreement which entitles the Bidder or any person acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG to demand the transfer of such GRAMMER Shares, unless the GRAMMER Shares for which such agreement was entered into fall under Section 13.1.1(iii) of the Offer Document,

is equivalent to at least the sum of (i) 50% of the total number of GRAMMER Shares issued (*ausgegeben*) at the end of the Acceptance Period and (ii) one GRAMMER Share, i.e., rounded in total at least 6,303,562 GRAMMER Shares (**"Minimum Acceptance Threshold"**), see Section 13.1.1 of the Offer Document.

(b) Turkish Merger Control Clearance

According to Section 13.1.2(a) of the Offer Document, the Turkish Competition Authority (**"TCA"**) has granted the merger clearance for the acquisition of GRAMMER including TMD without requirements and/or conditions after the publication of the Offer Document up to 15 March 2019 at the latest according to Article 7 of the Law no. 4054 on the Protection of Competition and its implementing provisions, or the Transaction (taking into account the consummation of the TMD Transaction) is deemed to have been approved under applicable law by 15 March 2019 at the latest.

The aforementioned Completion Condition shall become obsolete if (i) the TMD Transaction has not yet been consummated at the Time of Maturity for Completion, (ii) the Time of Maturity for Completion occurs prior to 7 September 2018 and (iii) at this time the Completion Conditions set out in Section 13.1.3(b) are fulfilled.

The **"Time of Maturity for Completion"** is that point in time at which all Completion Conditions except for the Completion Conditions set out in Section 13.1.2(a), Section 13.1.2(c), Section 13.1.2(d) and Section 13.1.3(b) of the Offer Document shall be fulfilled or effectively waived by the Bidder before the expiry of the Acceptance Period prior to the default of the respective Completion Condition.

(c) Austrian Merger Control Clearance

The Transaction has according to Section 13.1.2(b) of the Offer Document received clearance from the Cartel Court after the publication of the Offer Document and up to 15 March 2019 at the latest, or the statutory waiting period (four to maximum six weeks from filing) has expired without a request being submitted, with the result that the Transaction may be consummated without the approval of the Federal Competition Authority (**"FCA"**), or the Cartel Court has declared that it is not competent for conducting a review of the Transaction.

(d) Mexican Merger Control Clearance

According to Section 12.1.2(c) of the Offer Document the Mexican Federal Commission on Economic Competition (*Comisión Federal de Competencia Económica* – **"COFECE"**) has approved the renotification of the Transaction pursuant to the Mexican Federal Economic Competition Law and its implementing regulations (**"FECL"**) without requirements and/or conditions after the publication of the Offer Document up to 15 March 2019 at the latest.

The aforementioned Completion Condition shall become obsolete if the Time of Maturity for Completion has occurred on or before 14 November 2018 and if at this time the Completion Conditions set out in Section 13.1.3(b) of the Offer Document are fulfilled as well.

(e) Chinese Merger Control Clearance

According to Section 13.1.2(d) the Chinese State Administration for Market Regulation has approved the Transaction including TMD without requirements and/or conditions after the publication of the Offer Document up to 15 March 2019 at the latest, or the Transaction (taking into account the consummation of the TMD Transaction) is deemed to have been approved under applicable law by 15 March 2019 at the latest.

The aforementioned Completion Condition shall become obsolete if (i) the TMD Transaction has not yet been consummated at the Time of Maturity for Completion, (ii) the Time of Maturity for Completion occurs prior to 7 September 2018 and (iii) at this time the Completion Conditions set out in Section 13.1.3(b) of the Offer Document are fulfilled as well.

(f) German Foreign Investment Control

After the publication of the Offer Document, the German Federal Ministry of Economics and Energy (*Bundesministerium für Wirtschaft und Energie*, **"BMWi"**) has according to Section 13.1.3(a) of the Offer Document not prohibited the direct or indirect acquisition of voting rights in GRAMMER on the basis of the Offer pursuant to Section 59 of the German Foreign Trade Ordinance (*Außenwirtschaftsverordnung*, **"AWV"**) (**"AWV Clearance"**). This condition is deemed to be fulfilled if BMWi, after the publication of the Offer Document up to or prior to 15 March 2019,

(i) has failed to initiate a formal investigation pursuant to Section 55 para. 1 AWV within the three (3) months period specified in Section 55 para. 3 AWV in relation to the acquisition of voting rights in GRAMMER on the basis of the Offer, and the three (3) months period specified in Section 55 para. 3 AWV has expired; or

(ii) has, in the event of a formal investigation pursuant to section 55 para. 1 AWV, not prohibited the acquisition of voting rights in GRAMMER on the basis of the Offer within the four (4) months period specified in Section 59 para. 1 AWV, and the four (4) months period specified in Section 59 para. 1 AWV has expired; or

(iii) has issued a certificate of non-objection (*Unbedenklichkeitsbescheinigung*) in relation to the acquisition of voting rights in GRAMMER; or

(iv) has within two (2) months after receipt of a due application for a certificate of non-objection (*Unbedenklichkeitsbescheinigung*) not initiated a formal investigation pursuant to Section 55 para. 1 AWV in relation to the acquisition of voting rights in GRAMMER on the basis of the Offer, and the two (2) months period specified in Section 58 para. 2 AWV has expired.

The aforementioned Completion Condition shall become obsolete if AWV Clearance is deemed to be granted in accordance with the above provisions after the publication of the Offer Document has been permitted but prior to the publication of the Offer Document.

(g) Chinese Regulatory Clearances

The following notifications and certificates,

(i) the notification of project filing which has been issued with respect to the Transaction by the National Development and Reform Commission of the PRC on 16 May 2018,

(ii) the enterprise overseas investment certificate which has been issued with respect to the Transaction by Ningbo Ministry of Commerce on 8 May 2018, and

(iii) the registration with a bank approved by the State Administration of Foreign Exchange of the PRC or its local competent counterparts pursuant to Section 12.2.2(c) of the Offer Document which has been completed with respect to the Transaction on 22 May 2018

have not been revoked, withdrawn or otherwise cancelled by the relevant competent authority and do not require to be updated or renewed until the latest of the aforementioned points in time:

(i) the Time of Maturity for Completion,

(ii) the fulfilment or becoming obsolete (or the effective waiver of the fulfilment) of the Completion Condition set out in Section 13.1.2(a) of the Offer Document,

(iii) the fulfilment or becoming obsolete (or the effective waiver of the fulfilment) of the Completion Condition set out in Section 13.1.2(c) of the Offer Document, or

(iv) the fulfilment or becoming obsolete (or the effective waiver of the fulfilment) of the Completion Condition set out in Section 13.1.2(d) of the Offer Document.

The Completion Conditions summarized in this Section III.7.4(g)(i) to Section III.7.4(g)(iii) are set out in Section 13.1.3(b)(i) to 13.1.3(b)(iii) of the Offer Document and represent independent Completion Conditions.

(h) No Capital Measures

Between the publication of the Offer Document and the expiration of the Acceptance Period, none of the following events has occurred:

(i) The share capital of GRAMMER has increased.

(ii) The general shareholders' meeting has adopted a resolution to increase the share capital using own funds of the Company.

The Completion Conditions summarized in this Section III.7.4(h)(i) and Section III.7.4(h)(ii) are set out in Section 13.1.4(a) and 13.1.4(b) of the Offer Document and represent independent Completion Conditions.

(i) No Dividends, Amendment of Articles of Association or Liquidation

Between the publication of the Offer Document and the end of the Acceptance Period, none of the following events has occurred:

(i) GRAMMER has distributed or resolved to distribute a dividend in cash or in kind.

(ii) GRAMMER's general shareholders' meeting has adopted a resolution to amend the articles of association, (A) by which a majority requirement is increased for some or all resolutions of the general shareholders' meeting or other corporate bodies of GRAMMER or (B) which results in a share split, a consolidation of shares or a change of the rights attaching to the shares or nature of the shares.

(iii) GRAMMER's general shareholders' meeting has passed a resolution to dissolve GRAMMER.

The Completion Conditions summarized in this Section III.7.4(i)(i) to III.7.4(i)(iii) are set out in Section 13.1.5(a) through 13.1.5(c) of the Offer Document and represent independent Completion Conditions.

(j) No Loss in the Amount of Half of the Share Capital; No Insolvency

Between the publication of the Offer Document and the expiration of the Acceptance Period, GRAMMER has not published a notification pursuant to Article 17 of the European Market Abuse Regulation (*Marktmissbrauchsverordnung*, **"MAR"**) which states that, nor have circumstances occurred that would have required GRAMMER to publish (or decide to delay the publication of) a notification pursuant to Article 17 MAR that would have stated that

(i) a loss in the amount of at least half of the share capital of GRAMMER has occurred within the meaning of Section 92 para. 1 AktG; or

(ii) insolvency proceedings over the assets of GRAMMER or any of GRAMMER's subsidiaries, the revenues or net assets of which exceed 5% of the GRAMMER Group's consolidated revenues or, respectively, net assets, have been filed or initiated.

The Completion Conditions summarized in this Section III.7.4(j)(i) and 7.4(j)(ii) are set out in Section 13.1.6(a) and 13.1.6(b) of the Offer Document and represent independent Completion Conditions.

The assessment whether the preconditions of Section 13.1.6(a) and Section 13.1.6(b) of the Offer Document are fulfilled shall be exclusively determined by an expert opinion of the Independent Expert (as defined in Section III.7.8 of this Statement) to be rendered pursuant to provisions laid down in Section 13.5 of the Offer Document. In case the Independent Expert determines, upon careful review pursuant to the standards of a prudent member of the accounting and tax advisory profession, that during the Acceptance Period the preconditions of Section 13.1.6(a) or Section 13.1.6(b) of the Offer Document, were fulfilled and this determination, at the time of publication pursuant to Section 23 para 1 sentence 1 no. 2 WpÜG, has been disseminated in the Federal Gazette (*Bundesanzeiger*) and in the internet, the Completion Condition set out in Section 13.1.6(a) or Section 13.1.6(b) of the Offer Document, respectively, shall be deemed to be not fulfilled. In all other cases the Completion Condition set out in Section 13.1.6(a) or Section 13.1.6(b) of the Offer Document shall be deemed to be fulfilled.

(k) No Convocation of the General Shareholders' Meeting

Between the publication of the Offer Document and the expiry of the Acceptance Period, GRAMMER has not according to Section 13.1.7 of the Offer Document convened a general shareholders' meeting pursuant to Section 16 para. 3 WpÜG unless a shareholder has demanded a general shareholders' meeting according to Section 122 para. 1 AktG.

(l) No Material Transactions

Between the publication of the Offer Document and the expiry of the Acceptance Period, neither GRAMMER nor a subsidiary of GRAMMER has

(i) transferred or committed to transfer assets with a value of more than EUR 15 million, individually or in the aggregate, to a third party outside of the GRAMMER Group; or

(ii) purchased or committed to purchase assets if the consideration owed exceeds EUR 15 million, individually or in the aggregate; this excludes any in rem acquisition of assets, if a respective obligation already existed at the time of the publication of the Offer Document,

unless the undertaken transaction is an exempted transaction (**"Exempted Transaction"**). The following transactions are Exempted Transactions:

- Engineering-related joint venture between GRAMMER and an engineering provider in India; and
- Suspended seat-related joint venture between GRAMMER and a truck and bus manufacturer in the PRC; and
- the TMD Transaction.

The Completion Conditions summarized in this Section III.7.4(l)(i) and III.7.4(l)(ii) reflect Sections 13.1.8(a) and 13.1.8(b) of the Offer Document (each a **"Material Transaction"**) and represent independent Completion Conditions.

For the purpose of the Offer, a Material Transaction shall be deemed undertaken if it is announced according to Article 17 MAR or if it is determined by the Independent Expert (as defined in Section III.7.8 of this Statement).

Whether a Material Transaction has been undertaken during the Acceptance Period will be determined exclusively by an expert opinion of the Independent Expert (as defined in Section III.7.8 of this Statement) as set forth in greater detail in Section 13.5 of the Offer Document. If the Independent Expert determines (after careful examination in accordance with the standards of a diligent professional in the field of accounting and tax consultancy) that a Material Transaction has been undertaken during the Acceptance Period and such determination has been disseminated by the date of publication pursuant to Section 23 para. 1 sentence 1 no. 2 WpÜG in the German Federal Gazette (*Bundesanzeiger*) and on the internet, the Completion Condition as set forth in Section 13.1.8(a) or Section 13.1.8(b) of the Offer Document shall be deemed unfulfilled. In all other cases, the Completion Conditions as set forth in Section 13.1.8 of the Offer Document shall be deemed to have been fulfilled.

(m) No Material Adverse Change

Between the publication of the Offer Document and the end of the Acceptance Period, neither

(i) has GRAMMER published new circumstances within the meaning of Article 17 MAR, nor

(ii) have circumstances occurred that would have had to be published by GRAMMER pursuant to Article 17 MAR or that GRAMMER did not publish because of a self-exemption pursuant to Article 17 para. 4 MAR,

that would, if the respective circumstances are considered individually or in aggregate with other circumstances within the scope of Section 13.1.9(a) or Section 13.1.9(b) of the Offer Document, reduce the consolidated EBITDA of the GRAMMER Consolidated Group by an amount of no less than EUR 20 million p.a. during the financial year 2018 or which may reasonably be assumed to result in such reduction or in an equivalent reduction for the financial year 2019 or the financial year 2020.

EBITDA of the GRAMMER Group means the EBIT of the GRAMMER Group excluding (i) advisors' fees outside the ordinary business activity, (ii) forex (FX) effects, (iii) closure costs and (iv) effects from not capitalizing R&D costs and before depreciation and amortization and as defined in (and determined in accordance with the same principles as for purposes of) GRAMMER's IFRS consolidated financial statements for the financial year 2017.[3]

The Completion Conditions summarized in this Section III.7.4(m)(i) and III.7.4(m)(ii) are set out in Section 13.1.9(a) and Section 13.1.9(b) of the Offer Document (each a **"Material Adverse Change"**) and represent independent Completion Conditions.

Whether a Material Adverse Change has occurred during the Acceptance Period will be determined exclusively by an expert opinion of the Independent Expert (as defined in Section III.7.8 of this Statement) as set forth in greater detail in Section 13.5 of the Offer Document. If the Independent Expert (as defined in Section III.7.8 of this Statement) determines (after careful examination in accordance with the standards of a diligent professional in the field of accounting and tax consultancy) that a Material Adverse Change has occurred during the Acceptance Period and such determination has been disseminated by the date of publication pursuant to Section 23 para. 1 sentence 1 no. 2 WpÜG in the German Federal Gazette (*Bundesanzeiger*) and on the internet, the Completion Condition as set forth in Section 13.1.9(a) or Section 13.1.9(b) of the Offer Document shall be deemed unfulfilled. In all other cases, the Completion Conditions as set forth in Section 13.1.9 of the Offer Document shall be deemed to have been fulfilled.

(n) No Material Breach of Compliance

In the period between the publication of the Offer Document and the end of the Acceptance Period, no criminal or administrative offense (be it a breach under the German laws on administrative or criminal offenses, such as bribery and corruption, embezzlement, cartel law infringements or money laundering) committed by any member of the Executive Board in the performance of his/her official function at GRAMMER has become known, provided that such criminal or administrative offense constitutes inside information for GRAMMER pursuant to Article 17 MAR or, had it not become known, would constitute such inside information (**"Material Breach of Compliance"**).

Whether a Material Breach of Compliance has occurred during the Acceptance Period will be determined exclusively by an expert opinion of the Independent Expert (as defined in Section III.7.8 of this Statement) as set forth in greater detail in Section 13.5 of the Offer Document. If the Independent Expert (as defined in Section III.7.8 of this Statement) determines (after careful examination in accordance with the standards of a diligent professional in the field of accounting and tax consultancy) that a Material Breach of Compliance has occurred during the Acceptance Period and such determination has been disseminated by the date of publication pursuant to Section 23 para. 1 sentence 1 no. 2 WpÜG in the German Federal Gazette (*Bundesanzeiger*) and on the internet, the Completion Condition set forth in Section 13.1.10 of the Offer Document will be deemed as not having been satisfied. In all other cases, the Completion Condition set forth in Section 13.1.10 of the Offer Document will be deemed as having been satisfied.

7.5 Waiver of Completion Conditions

In Section 13.2 of the Offer Document, the Bidder reserves the right to waive Completion Conditions, to the extent legally permissible, individually or jointly. A waiver is only

[3] Definition of EBITDA is made for the purpose of this Completion Condition.

effective if there has not been a default of the respective Completion Condition and if the waiver is declared at least one working day prior to the expiry of the Acceptance Period. Completion Conditions which the Bidder has validly waived shall be deemed fulfilled for the purposes of the Offer and the Offer Document. If the Bidder validly waives Completion Conditions within the last two weeks prior to the expiry of the Acceptance Period, the Acceptance Period as set out in Section 5.1 of the Offer Document will be extended by two weeks (Section 21 para. 5 WpÜG), i.e., until 6 August 2018, 24:00 hours (local time Frankfurt am Main), unless there is an extension as described in Section 5.2 (b) or 5.2(c) of the Offer Document.

7.6 Non-fulfillment of Completion Conditions

If (i) one or several of the Completion Conditions set forth in Sections 13.1.1, 13.1.4 through 13.1.10 of the Offer Document have not been fulfilled by the end of the Acceptance Period, or (ii) one or several of the Completion Conditions set forth in Sections 13.1.2 through 13.1.3 of the Offer Document have not been fulfilled by 15 March 2019, and the Bidder has not validly waived the respective Completion Conditions no later than one working day prior to expiry of the Acceptance Period, the Offer shall lapse.

If the Offer lapses, the contracts which came into existence as a result of the acceptance of the Offer will not be consummated and shall lapse (conditions subsequent). Accordingly, the custodian credit institutions or other securities services providers at which their GRAMMER Shares are kept for GRAMMER Shareholders (**"Custodian Banks"**) shall rebook the GRAMMER Shares Tendered for Sale (as defined in Section III.7.9 of this Statement and Section 11.2.1 of the Offer Document) into the ISIN DE0005895403 without undue delay and within four Banking Days after announcement of the lapse of the Offer at the latest. Such unwinding is free of costs and expenses of Custodian Banks. To this end, the Bidder will pay the Custodian Banks a custodian bank commission at a level customary in the market. However, any taxes, costs and fees charged by foreign Custodian Banks which have no securities account connection with Clearstream Banking AG, are to be borne by the respective GRAMMER Shareholders.

7.7 Publications with regard to Completion Conditions

According to Section 13.4 of the Offer Document, if

(i) a Completion Condition has been fulfilled,

(ii) the Bidder has validly waived a Completion Condition,

(iii) all Completion Conditions still existing at that relevant time have been fulfilled or

(iv) the Offer has lapsed,

the Bidder will publish this fact without undue delay in internet under http://www.allianceforthefuture.com (in German and in a non-binding English translation) and in the German Federal Gazette (*Bundesanzeiger*).

The Bidder will publish without undue delay in internet under http://www.allianceforthefuture.com (in German and in a non-binding English translation) when the Time of Maturity for Completion has occurred.

7.8 Independent Expert

According to Section 13.5 of the Offer Document, the determination of a Material Transaction, a Material Adverse Change or a Material Breach of Compliance will be conducted by ValueTrust Financial Advisors SE, Munich, as an independent expert (**"Independent Expert"**). The Independent Expert will render, after careful examination in accordance with the standards of a diligent professional in the field of accounting and tax consultancy, an opinion in which the Independent Expert determines whether a Material Transaction, a Material Adverse Change or a Material Breach of Compliance has occurred.

Please refer to Section 13.5 of the Offer Document for further details regarding the determination process.

7.9 Stock exchange trading with GRAMMER Shares Tendered for Sale

Pursuant to Section 11.3 of the Offer Document, the tendered GRAMMER Shares (the **"GRAMMER Shares Tendered for Sale"**) will be traded on the regulated market (*Regulierter Markt*) (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under ISIN DE000A2LQTW1. The trading is expected to start on the third stock exchange trading day after beginning of the Acceptance Period. The expected period of time for this trading will end no later than three stock exchange trading days before the expected settlement of the Offer.

Persons acquiring the GRAMMER Shares Tendered for Sale traded under ISIN DE000A2LQTW1 assume all rights and obligations with respect to these GRAMMER Shares arising from the agreement entered into by accepting the Offer. The Bidder notes in Section 11.3 of the Offer Document that the trading volume of the GRAMMER Shares Tendered for Sale depends on the respective acceptance rate and therefore can be low or subject to sharp fluctuations.

The modalities for acceptance and settlement of the Offer are described in Section 11 of the Offer Document.

8. Financing of the Offer

Pursuant to Section 14.1.2 of the Offer Document, prior to publication of the Offer Document, the Bidder has taken the necessary measures to ensure that the financial means, which are required to completely perform the Offer, are at its disposal at the time the claim for the consideration falls due.

8.1 Offer Costs

According to the details provided for by the Bidder under Section 14.1.1 of the Offer Document, the Bidder will have to pay a total of EUR 543,246,600.00 (i.e. the Offer Price of EUR 60.00 per GRAMMER Share multiplied by 9,054,110 GRAMMER Shares) (the **"Commercial Offer Consideration"**).

The background to the Commercial Offer Consideration is as follows:

According to the entry in the commercial register of GRAMMER, 12,607,121 GRAMMER Shares are in issue at the time of publication of the Offer Document. The Offer relates to all of these GRAMMER Shares.

Of this total number of GRAMMER Shares, 3,222,961 GRAMMER Shares are already held directly by the Bidder. On 30 May 2018, the Bidder and JAP Germany entered into an agreement pursuant to which JAP Germany has transferred the Held GRAMMER Shares to the Bidder for a (rounded) aggregate consideration of EUR 193.38 million (i.e., a price of EUR 60.00 per Held GRAMMER Share multiplied by 3,222,961 Held GRAMMER Shares) outside of the Offer.

Moreover, of the 12,607,121 issued GRAMMER Shares, 330,050 are Treasury Shares (see Section II.1.3(c) of this Statement and Section 7.6 of the Offer Document). In the Business Combination Agreement GRAMMER undertook not to accept the Offer in respect of the Treasury Shares and not to dispose of the Treasury Shares by transfer, encumbrance, etc.

In addition to the Commercial Offer Consideration, the Bidder will incur consultancy fees in an amount of up to EUR 2.0 million. Other transaction costs in an amount of RMB 269.6 million (EUR 35.0 million applying the Hedged Exchange Rate) will be borne by Jiye Holdco (the transaction costs together the **"Ancillary Transaction Costs"**).

The total amount that would be required by the Bidder and Jiye Holdco on the above basis (i.e., the Commercial Offer Consideration plus the Ancillary Transaction Costs) for the closing of the Offer is therefore expected to amount to a maximum of EUR 580,261,860.73 (**"Maximum Transaction Amount"**).

8.2 Financing measures

Pursuant to Section 14.1.2 of the Offer Document, prior to publication of the Offer Document, the Bidder has taken the following measures to ensure that the financial resources necessary to fully perform the Offer (i.e., make payments up to the Commercial Offer Consideration) will be available to it and Jiye Holdco – in due time:

(a) Equity financing

At the level of Jihan, pursuant to a partnership agreement entered into by NBJH, DZRT, NJH, Shanghai Zhongzhen Transportation Equipment Co., Ltd (**"CRRC Transportation"**), Shanghai CRRC Lvmai Chirui Equity Investment Management Centre (Limited Partnership) (**"CRRC Lvmai"**) and Shanghai AXA SPDB Assets Management Co., Ltd. (**"AXA SPDB"**) in May 2018, such parties have undertaken vis-à-vis Jihan to make equity investments into Jihan in the amount of RMB 2,699.3 million (equaling approximately EUR 350.6 million calculated on the basis of the Hedged Exchange Rate) (collectively, **"Jihan Equity"**), with particulars as follows:

- NBJH, being the executive general partner of Jihan with all rights, powers and authorities in relation to the operation and investment management of Jihan, as well as other measures for the purpose of the developing its business, undertook vis-à-vis Jihan to make an equity investment into Jihan in the amount of RMB 380.0 million (equaling approximately EUR 49.4 million calculated on the basis of the Hedged Exchange Rate). NBJH is a wholly owned subsidiary of NJH and therefore is under the control of Ms. Bifeng Wu;

- DZRT, being the general partner of Jihan with no substantial rights in relation to the operation and investment management of Jihan, undertook vis-à-vis Jihan to make an equity investment into Jihan in the amount of RMB 300.0 million (equaling approximately EUR 39.0 million calculated on the basis of the Hedged Exchange Rate). DZRT is a wholly owned subsidiary of Northeast Securities Co., Ltd., which is a renowned stock exchange listed securities service provider with over 3,000 employees and presences in almost all major cities in the PRC;

- NJH, being a limited partner of Jihan, undertook vis-à-vis Jihan to make an equity investment into Jihan in the amount of RMB 700.0 million (equaling approximately EUR 90.9 million calculated on the basis of the Hedged Exchange Rate). As shown in section 6.1.2(c) of the Offer Document, NJH is under the control of Ms. Bifeng Wu. The difference between RMB 820.0 million (equaling approximately EUR 106.5 million calculated on the basis of the Hedged Exchange Rate) as described in Section 6.1.2(a) of the Offer Document and RMB 700.0 million (equaling approximately EUR 90.9 million calculated on the basis of the Hedged Exchange Rate) as described in Section 14.1.2(a) of the Offer Document (namely RMB 120.0 million, equaling approximately EUR 15.6 million calculated on the basis of the Hedged Exchange Rate) will be transferred by NJH to AXA SPDB as described below and in Section 14.1.2 of the Offer Document;

- CRRC Transportation and CRRC Lvmai, both being limited partners of Jihan, undertook vis-à-vis Jihan to make equity investments into Jihan in the total amount of RMB 456.3 million (equaling approximately EUR 59.3 million calculated on the basis of the Hedged Exchange Rate). CRRC Transportation and CRRC Lvmai are both investment vehicles of CRRC Urban Traffic Co., Ltd., that in turn is an affiliate of China CRRC Corporation Limited which according to its own assessment is a leading worldwide supplier for rail transportation equipment listed on both the Shanghai and the Hong Kong Stock Exchange with a current market capitalization of approximately RMB 261.0 billion (equaling approximately EUR 33.9 billion calculated on the basis of the Hedged Exchange Rate);

- AXA SPDB, also being a limited partner of Jihan, undertook vis-à-vis Jihan to make an equity investment into Jihan in the amount of RMB 863.0 million (equaling approximately EUR 112.1 million calculated on the basis of the Hedged Exchange Rate), out of which RMB 120.0 million (equaling approximately EUR 15.6 million calculated on the basis of the Hedged Exchange Rate) will be assumed by AXA SPDB as a consequence of the transfer of NJH's limited partnership interest from NJH to AXA SPDB (**"ASAM Equity"**). AXA SPDB is the asset management company for AXA SPDB Asset Management – SPDB Ningbo Branch No. 2 Specific Asset Management Plan, which in turn is the investment vehicle (via asset management plan) of Shanghai Pudong Development Bank (**"SPDB"**). SPDB is a bank licensed and subject to supervision in the PRC which provides the debt financing for the Transaction (for details please see section 14.1.2(b) of the Offer Document) and the aforementioned investment vehicle is an investment fund set up for the purpose of providing investment opportunities to SPDB's customers.

Each of Jihan, Jiye Holdco, and Jiye Luxembourg have irrevocably undertaken to provide before the settlement of the Offer the Jihan Equity by way of an equity injection to Jiye Holdco, Jiye Luxembourg and the Bidder, respectively, such that the Bidder may use the Jihan Equity to fulfill its payment obligations under the Offer.

Further, at the level of Jiye Holdco, pursuant to a joint investment agreement entered into on 8 May 2018 by Shanghai M&A Equity Investment Fund Partnership (Limited Partnership) (**"Haitong Capital"**), Jiye Holdco and Jihan:

- Haitong Capital undertook vis-à-vis Jiye Holdco to provide, by itself or by one or more entities designated by Haitong Capital, equity investments into Jiye Holdco in the amount of RMB 1,000.0 million (equaling approximately EUR 129.9 million calculated on the basis of the Hedged Exchange Rate) (**"Haitong Equity"**, and together with the Jihan Equity the **"Secured Equity"**). Haitong Capital is a fund managed by Haitong M&A Capital Management (Shanghai) Co., Ltd., which in turn is controlled by Haitong Securities Corporation Limited, a listed company and one of the largest securities firms in the PRC. Jihan will continue to control Jiye Holdco even after the contemplated investment of the Haitong Equity has been made.

Total Secured Equity amounts to RMB 3,699.3 million (equaling approximately EUR 480.5 million calculated on the basis of the Hedged Exchange Rate).

AXA SPDB and Haitong Capital are investment entities pooling various investors and are ultimately under the control of the State-owned Assets Supervision and Administration Commission (SASAC). CRRC Transportation and CRRC Lvmai are both non-state-controlled investment platforms for state-owned and privately owned investors. All of the aforementioned entities are solely making passive financial investments into the Transaction and have no controlling influence over the Bidder.

Each of Jiye Holdco and Jiye Luxembourg have irrevocably undertaken to provide before the settlement of the Offer the Haitong Equity by way of an equity injection to Jiye Luxembourg and the Bidder, respectively, such that the Bidder may use the Haitong Equity to fulfill its payment obligations under the Transaction.

(b) Debt financing

On 14 May 2018, Jiye Luxembourg, the Bidder, NJH, Jihan, NBJH, Jiye Holdco, the Wang Family members, Wing Sing and SPDB Ningbo Beilun Sub-branch (as lender) have entered into a facilities agreement. Under the facilities agreement Jihan and Jiye Luxembourg (as borrowers) are entitled to draw down a total amount of RMB 2,257.4 million (equaling approximately EUR 293.2 million calculated on the basis of the Hedged Exchange Rate) for the financing of the Transaction (**"Facilities"**). The Facilities comprise commitments for (i) a senior secured term loan facility available to Jihan in an amount of RMB 2,082.0 million (equaling approximately EUR 270.4 million calculated on the basis of the Hedged Exchange Rate) with a term of 7 years after its drawdown (**"Jihan Facility"**) and (ii) a senior secured term loan facility available to Jiye Luxembourg in the amount of RMB 175.4 million (equaling approximately EUR 22.8 million calculated on the basis of the Hedged Exchange Rate) with a term of 5 years after its drawdown (**"Jiye Luxembourg Facility"**). The Facilities have an average interest rate of 5.8% p.a.

The disbursement of the Facilities is only subject to market standard conditions such as fulfilment or waiver of each of the Completion Conditions and provision of the Secured Equity (other than the ASAM Equity), certain legal opinions, and customary collateral.

Each of Jihan, Jiye Holdco, and Jiye Luxembourg have irrevocably undertaken to provide before the settlement of the Offer the Jihan Facility by way of an equity injection to Jiye Holdco, Jiye Luxembourg and the Bidder, respectively, such that the Bidder may use the Jihan Facility to fulfill any payment obligations associated with the consummation of the Transaction. Jiye Luxembourg has additionally irrevocably undertaken to provide before the settlement of the Offer the Jiye Luxembourg Facility to the Bidder by way of an equity injection to the Bidder, such that the Bidder may use the Jiye Luxembourg Facility to fulfill any payment obligations associated with the consummation of the Transaction.

(c) Split between equity financing and debt financing

Based on the current planning, the utilization of the equity and debt financing may vary depending on the acceptance rate of the Offer. Both funding sources may be fully utilized or just in parts (and at different utilization ratios) in order to enable the Bidder to fulfill any payment obligations associated with the consummation of the Transaction. It is currently planned to draw the equity financing largely before the debt financing. This ensures a high equity portion in the overall funding even at substantial acceptance rates.

(d) Standby letter of credit

On 18 May 2018, SPDB issued an irrevocable standby letter of credit which guarantees the payment of the Offer Costs (**"SPDB Guarantee"**). Under the SPDB Guarantee, both the investment services enterprise issuing the confirmation pursuant to Section 13 para. 1 sentence 2 WpÜG (as further detailed in Section 14.2 of the Offer Document) and the Bidder are under certain conditions entitled to require SPDB to pay an amount of up to the Commercial Offer Consideration to the Central Settlement Agent when payment of the Offer Price for the GRAMMER Shares Tendered for Sale becomes due in accordance with Section 11.7 of the Offer Document.

(e) Hedging against exchange rate risk

With the exception of the Jiye Luxembourg Facility, the Facilities and the Secured Equity are payable in RMB and therefore subject to exchange rate risk. The Bidder has therefore taken several measures to ensure that it will, on the relevant due date, have available funds in the amount of the Commercial Offer Consideration.

Firstly, the SPDB Guarantee is denominated in EUR. Therefore, the obligation of the Bidder to pay a consideration to the GRAMMER Shareholders in an amount up to the Commercial Offer Consideration is not subject to an exchange rate risk since the Bidder can obtain funds in EUR under the SPDB Guarantee.

Secondly, the Jiye HoldCo has entered into a hedging agreement to further mitigate exchange rate risk with SPDB Ningbo Beilun Sub-branch. The exchange rate hedged by way of the hedging agreement is RMB 7.6995 to EUR 1.00.

According to information in Section 14.1.2 of the Offer Document, there is a positive difference of approximately EUR 193.4 million which results from (i) the sum of the Facilities and the Secured Equity and (ii) the Maximum Transaction Amount. This amount serves to finance the Bidder's acquisition of the Held GRAMMER Shares.

8.3 Financing confirmation

Industrial and Commercial Bank of China Limited, with corporate seat in Beijing, PRC and branch office in Frankfurt am Main, Germany, an investment service provider that is independent of the Bidder and the Jifeng Group, confirmed in writing in the letter dated 22 June 2018 pursuant to Section 13 para. 1 sentence 2 WpÜG that the Bidder has taken the necessary measures to ensure that the Bidder has the financial means necessary to completely satisfy the Offer at the time at which the claim for the cash consideration falls due. This letter is attached to the Offer Document as Annex 4.

8.4 Potential reorganization of GRAMMER shareholding within NJH Group for refinancing purposes

According to Section 14.3 of the Offer Document, after a successful completion of the Transaction, NJH intends to indirectly transfer the acquired GRAMMER Shares to Ningbo Jifeng (**"Share Transfer"**) through a transfer of the shares in Jiye Holdco for refinancing purposes. The Share Transfer aims at deleveraging the funding structure. Furthermore, it enables the equity co-investors (see Section III.8.2(a) of this Statement) to participate in the combined group entity by making them direct (or in the case of certain investors indirect) shareholders of Ningbo Jifeng. After the Share Transfer, Ningbo Jifeng will continue to be consolidated within the NJH Group. Even at an acceptance rate of 100%, it is currently contemplated that NJH and the persons acting in concert with it will continue to directly and indirectly control above 50% of the shares of Ningbo Jifeng.

The Share Transfer, if it is pursued by NJH and Ningbo Jifeng, will require, among other things, (a) a consenting vote of simple majority of Ningbo Jifeng's independent board members, (b) a consenting vote of two-thirds of Ningbo Jifeng's independent shareholders, and (c) the approval of the China Securities Regulatory Commission. Hence, it is uncertain whether the Share Transfer will take place at all. This potential reorganization process, if it is pursued, will only be initiated after the Offer has been completed and in accordance with the current plans within presumably 18 months after the settlement of the Offer.

9. Decisiveness of the Offer Document

For further information and details (particularly details regarding the Completion Conditions, the Acceptance Periods, the acceptance and implementation modalities and the legal rights of withdrawal), the GRAMMER Shareholders are referred to the statements in the Offer Document. The above information only summarizes individual information contained in the Offer Document. The description of the Offer in this Statement therefore is not intended to be exhaustive and the Statement should be read in respect of the Bidder's Offer together with the Offer Document. The provisions of the Offer Document are solely decisive for the content of the Offer and its settlement. Each GRAMMER Shareholder is responsible for acquainting himself with the Offer Document and taking any steps that might be necessary from his or her point of view.

IV. TYPE AND AMOUNT OF THE CONSIDERATION OFFERED

1. Type and amount of the consideration

The Bidder is offering an offer price, i.e., consideration pursuant to Section 27 para. 1 sentence 2 no. 1 WpÜG in the amount of EUR 60.00 in cash per GRAMMER Share.

2. Statutory minimum price

To the extent that the Executive Board and the Supervisory Board are in a position to verify this on the basis of the information available, the Offer Price fulfils the requirements for minimum prices pursuant to Section 31 para. 1 WpÜG and Sections 4 and 5 WpÜG Offer Regulation:

- According to Section 4 WpÜG Offer Regulation, the consideration for shares of a target company in a takeover offer pursuant to Sections 29 et seq. WpÜG must at least be equal to the highest consideration granted or agreed to by the Bidder, any person acting jointly with the Bidder pursuant to Section 2 para. 5 WpÜG, or their subsidiaries for the acquisition of GRAMMER Shares within the last six months prior to the publication of the Offer Document, i.e., from 25 December 2017 until 25 June 2018.

- According to Section 5 WpÜG Offer Regulation, the consideration pursuant to Section 27 para. 1 sentence 2 no. 1 WpÜG, in the case of a takeover offer pursuant to Sections 29 et seq. WpÜG, must be equal to at least the weighted average domestic stock exchange price for GRAMMER Shares in the three-month period prior to the publication of the Bidder's decision to launch the takeover offer (**"Three-Month Average Price"**). The decision to launch the Offer was published on 29 May 2018.

2.1 Lowest price determined by previous sales

According to the information provided by the Bidder in Section 10.1(b) of the Offer Document, on 30 May 2018 the Bidder entered into an agreement with JAP Germany to acquire the Held GRAMMER Shares for a consideration of EUR 60.00 per share. Closing of this agreement took place on 14 June 2018. The purchase price per Held GRAMMER Share corresponds to the total amount paid, related acquisition costs and accrued interest borne by JAP Germany for the acquisition of all its shares divided by the total number of Held

GRAMMER Shares. Except for the acquisition of the Held GRAMMER Shares by the Bidder described above, neither the Bidder nor any person acting jointly with it nor their subsidiaries acquired GRAMMER Shares or concluded agreements on the acquisition of GRAMMER Shares since the day which is six months prior to 25 June 2018.

According to Section 10.1(c) of the Offer Document, the minimum offer price for the GRAMMER Shares pursuant to Section 4 WpÜG Offer Ordinance therefore amounts to EUR 60.00. The Offer Price of EUR 60.00 per GRAMMER Share is in line with such amount. Adjusted for the dividend payment of EUR 1.25 per GRAMMER Share for the financial year ending on 31 December 2017 as resolved by the Annual General Meeting of GRAMMER on 13 June 2018 (**"Dividend 2017"**), the Offer Price exceeds this amount by approximately 2.1%.

2.2 Lowest price determined by the Three-Month Average Price

According to the details in Section 10.1(a) of the Offer Document, the Three-Month Average Price up to and including 28 May 2018 amounted to EUR 51.94 per GRAMMER Share, as notified by BaFin. The Offer Price in the amount of EUR 60.00 per GRAMMER Share exceeds this amount by EUR 8.06, i.e., by approximately 15.5%. Adjusting for the Dividend 2017, i.e., reducing this average price to EUR 50.69, the Offer Price exceeds this amount by EUR 9.31 or approximately 18.4%.

3. Assessment of the fairness of the consideration offered

The Executive Board and the Supervisory Board, with support of their financial advisors, have diligently and intensively analyzed and assessed the fairness of the consideration offered for the GRAMMER Shares from a financial point of view, on the basis of the current strategy and financial planning of the Company, and also taking into account the TMD Transaction, the current stock exchange price of GRAMMER Shares, the historical share price developments of GRAMMER Shares, price targets published by research analysts for GRAMMER as well as on the basis of additional assumptions and information.

According to the Offer Document, the Offer Price amounts to EUR 60.00 per GRAMMER Share. As the settlement of the Offer takes place after the day of the Annual General Meeting 2018, all GRAMMER Shareholders whose shareholder status existed on the day of the Annual General Meeting 2018 received the proposed dividend of EUR 1.25 per share for the financial year ending 31 December 2017. GRAMMER Shareholders who accept or have accepted the Offer will receive an additional EUR 60.00 per share from the Bidder upon completion of the Offer. Shareholders who accept or have accepted the Offer and whose shareholder status existed on the day of the Annual General Meeting 2018 thus receive a total consideration of EUR 61.25 (hereinafter referred to as the **"Total Consideration"**).

The Total Consideration is particularly relevant for comparisons with historical share prices or price targets. The price of GRAMMER Shares on the day prior to the publication of the decision to submit the offer was EUR 51.30. This price and all previous prices included the expected dividend of EUR 1.25 per GRAMMER Share. Consequently, share prices and price targets before the dividend payment are to be compared with the Total Consideration in order to assess the adequacy of the Offer. Depending on the valuation method, the Executive Board and the Supervisory Board therefore compare appropriateness either against the consideration or against the Total Consideration.

The Executive Board and the Supervisory Board of GRAMMER expressly point out that the Executive Board and the Supervisory Board of GRAMMER have each independently assessed the appropriateness of the consideration offered.

Some of the figures presented in this section have been rounded, but they have been calculated on the basis of non-rounded figures. Calculations using these values may therefore result in minor deviations from the values stated in this section.

3.1 Fairness Opinions

The Executive Board assigned Morgan Stanley & Co. International plc, 20 Bank Street, Canary Wharf, London E14 4AD, United Kingdom, (**"Morgan Stanley"**), and upon request of the Supervisory Board, Macquarie Capital (Europe) Limited, German Branch, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Germany (**"Macquarie"**), with preparation of the opinions on the assessment of the fairness of the consideration offered from a financial point of view for the Executive Board and the Supervisory Board (**"Fairness Opinions"**). The Fairness Opinions serve to support the Executive Board and the Supervisory Board in their own assessment of the appropriateness of the consideration.

In their Fairness Opinions, both Morgan Stanley and Macquarie independently conclude that the consideration offered by the Bidder per GRAMMER Share was appropriate at the time the respective Fairness Opinion was issued. The Fairness Opinion of Morgan Stanley is attached to this Statement as Annex 1 and the Fairness Opinion of Macquarie is attached to this Statement as Annex 2.

GRAMMER's Executive Board and its Supervisory Board independently dealt in depth with the respective Fairness Opinions, the results of which were discussed in detail with representatives of Morgan Stanley and Macquarie and subjected to an independent critical assessment.

The Executive Board and the Supervisory Board of GRAMMER point out that the Fairness Opinions serve exclusively to inform and support the Executive Board and the Supervisory Board of GRAMMER in connection with assessing the consideration for GRAMMER Shareholders. Fairness Opinions are neither addressed to third parties (including GRAMMER Shareholders) nor are they intended to protect third parties (including GRAMMER Shareholders). Third parties cannot derive any rights or obligations from the Fairness Opinions. In particular, the Fairness Opinions are not a recommendation to GRAMMER Shareholders in connection with the Offer. The Fairness Opinions also do not refer to the relative advantages of the Offer compared to other business strategies or transactions that would also have been possible with respect to GRAMMER.

As part of their assessment of the fairness of the consideration offered by the Bidder from a financial point of view, Morgan Stanley and Macquarie carried out a number of investigations, as they are conducted in comparable capital market transactions and that appeared appropriate in order to give the Executive Board and the Supervisory Board of GRAMMER a sustainable basis for their own estimate of the fairness of the consideration offered from a financial point of view. Morgan Stanley and Macquarie have independently developed an independent value perspective based on various factors, assumptions, procedures, limitations and assessments that are specifically described in the respective Fairness Opinion.

The respective studies and analyses by Morgan Stanley and Macquarie are based on, among other things:

- Information on the historical share price development of the Company;
- Price targets for the Company by research analysts;
- Valuation figures of comparable listed companies;
- Present value analyses of expected cash flows (DCF);

- Certain publicly available and certain internal business and financial data of the GRAMMER Group.

Morgan Stanley and Macquarie have acted without independent verification of the accuracy and completeness of the publicly available information and of the information provided by GRAMMER or on behalf of GRAMMER or other information viewed by them for the purpose of the Fairness Opinions and have relied on it. Furthermore, neither Morgan Stanley nor Macquarie have performed any independent valuation or review of any assets or liabilities (contingent liabilities or otherwise) of GRAMMER.

With respect to financial forecasts and estimates prepared by GRAMMER, Morgan Stanley and Macquarie have assumed that they have been properly prepared on a basis that reflects the Company's management's current best estimate and assessment of the Company's future performance.

The Fairness Opinions are not based on a valuation typically performed by auditors. Instead, the valuation of the Company is based on methods typically used by investment banks in comparable transactions. In particular, neither Morgan Stanley nor Macquarie have performed a valuation based on the guidelines published by IDW (IDW S1) or the IDW Standard Principles for the Preparation of Fairness Opinions (IDW S8).

The Executive Board and the Supervisory Board of GRAMMER point out that a complete reading of the Fairness Opinions is necessary for understanding the Fairness Opinions, the examinations underlying this Fairness Opinions and their findings. Fairness Opinions are based in particular on the general economic conditions and economic, monetary, market and other conditions as of the date the Fairness Opinions were issued and the information available at that time to Morgan Stanley and Macquarie. Developments occurring after this date could impact the assumptions made when issuing the Fairness Opinions and their results. Morgan Stanley and Macquarie are not obligated to update their Fairness Opinions or to correct or confirm them based on circumstances, developments or events that occur after the date of the submission of the Fairness Opinions.

3.2 Comparison with historical stock exchange prices

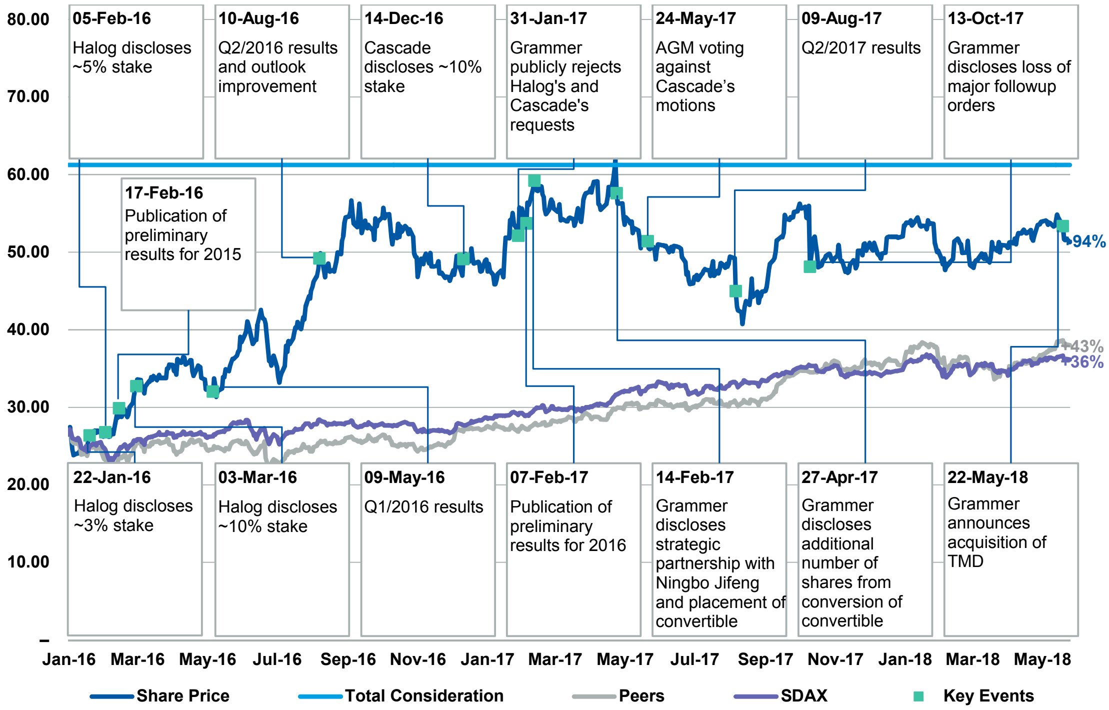
The Executive Board and the Supervisory Board of GRAMMER are of the opinion that the stock market prices of GRAMMER Shares are a key criterion for assessing the appropriateness of the consideration. GRAMMER Shares are admitted to trading in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange and in the regulated market of the Munich Stock Exchange and are also traded via the electronic trading system XETRA on the open market of the stock exchanges Stuttgart, Berlin und Hamburg. The Executive Board and the Supervisory Board are also of the opinion that in the relevant period under review there is a functional stock exchange trading with sufficient trading activity for GRAMMER Shares to generate a meaningful market price for GRAMMER Shares.

To assess the appropriateness of the consideration, the Executive Board and the Supervisory Board therefore used, among other things, the historical stock market prices of GRAMMER Shares.

GRAMMER Shares have significantly outperformed stock market indices such as the SDAX or the weighted price performance of comparable companies[4] since the beginning of 2016 (the first WpHG notification of Halog's shareholdings was published on 22 January 2016). The positive share price development is certainly largely attributable to GRAMMER's strong operating performance. However, it cannot be ruled out that GRAMMER's Share price may have been positively influenced by takeover speculations. The following chart shows the performance of the GRAMMER Share since 4 January 2016 with an opening

[4] Magna, Faurecia, Toyota Boshoku, Lear, Leoni, Continental, ElringKlinger, Hella, Progress Werk Oberkirch, Schaeffler, SHW, CVG, Wacbo, Safran, Dana and Meritor.

price of EUR 26.50 until 28 May 2018 (XETRA® closing prices with the exception of 4 January 2016 as described, source: Capital IQ).



Based on the share price of GRAMMER Shares prior to publication of the decision to submit the offer on 29 May 2018, there are the following premiums to the Total Consideration of EUR 61.25 per GRAMMER Share:

- GRAMMER's XETRA® closing price on 28 May 2018, the last trading day prior to publication of the decision to make the offer, was EUR 51.30 per GRAMMER Share. (source: Capital IQ of 29 May 2018). The Total Consideration of EUR 61.25 per GRAMMER Share therefore corresponds to a premium of 19.4%.

- The volume-weighted average domestic stock exchange price of the last three months as of 28 May 2018, the last trading day prior to publication of the decision to make the offer, was EUR 51.94 (source: BaFin). The Total Consideration of EUR 61.25 per GRAMMER Share therefore corresponds to a premium of 17.9%.

- The volume-weighted average XETRA® price of the last six months as of 28 May 2018, the last trading day prior to publication of the decision to make the offer, was EUR 51.67 (source: Bloomberg of 29 May 2018). The Total Consideration of EUR 61.25 per GRAMMER Share therefore corresponds to a premium of 18.5%.

- The volume-weighted average XETRA® price of the last twelve months as of 28 May 2018, the last trading day prior to publication of the decision to make the offer, was EUR 48.93 (source: Bloomberg of 29 May 2018). The Total Consideration of EUR 61.25 per GRAMMER Share therefore corresponds to a premium of 25.2%.

3.3 Valuation by financial analysts

The Executive Board and the Supervisory Board of GRAMMER have reviewed the available share price targets of research analysts for GRAMMER Shares. The valuations relate to GRAMMER as an independent company. Following the publication of the decision to make an offer on 28 May 2018, some analysts adjusted their price targets for GRAMMER based on the expected offer. The following table provides an overview of the price targets without consideration of the Offer Price or a control premium (source: broker reports before publication of the decision to make the offer and after publication of the GRAMMER

Annual Report 2017). The median of the price targets is EUR 54.00. The Total Consideration of EUR 61.25 per GRAMMER Share thus offers a premium of 13.4% to the median of the price targets.

Financial analyst	**Date of the last available GRAMMER report with price target**	**Price target (in EUR)**
Baader-Helvea	22 May 2018	55.00
DZ Bank AG	16 May 2018	55.00
Landesbank Baden-Württemberg	15 May 2018	54.00
M.M. Warburg Investment Research	15 May 2018	62.00
Bankhaus Lampe	14 May 2018	53.00
Oddo BHF	23 March 2018	52.00
Quirin Privatbank AG	23 March 2018	53.00
Median		**54.00**

3.4 Valuation based on multiples

As of 28 May 2018, the average EBITDA 2018E expected by analysts for GRAMMER was EUR 140 million (source: Capital IQ).

In order to calculate the valuation multiple enterprise value (**"EV"**)/EBITDA, which is important from GRAMMER's point of view, on the basis of the consideration, the implicit enterprise value must also be calculated. The enterprise value on the basis of the takeover offer is calculated on the basis of the market value of equity, which is determined as the product of the consideration per share (EUR 60.00) and the number of outstanding shares (12.28 million excluding Treasury Shares), plus net debt (consisting of liabilities and assets of a financial nature, including, among others, pension obligations, shares in minority companies, finance leasing, financial assets and shares valued at equity) amounting to EUR 1,000 million, whereby all information on balance sheet items refers to the quarterly financial statements for the first quarter of 2018 and the annual financial statements for the year 2017. The Executive Board and the Supervisory Board point out that there may also be different calculations of the enterprise value and that there are other relevant multiples that can be used for a valuation of the Company.

Based on an EBITDA 2018E of EUR 140 million, the EV/EBITDA multiple on the basis of the consideration is 7.1x. This multiple exceeds the EV/EBITDA multiples historically calculated for GRAMMER, which averaged 6.2x over the last twelve months (corresponding to a premium of 22% per GRAMMER Share), 6.2x over the last three years (corresponding to a premium of 22% per GRAMMER Share) and 6.0x over the last five years (corresponding to a premium of 28% per GRAMMER share) (source: Capital IQ). The historical multiples are calculated from the average values on all trading days during the respective period, whereby for each trading day an enterprise value is calculated on the basis of the closing price and the last publicly available balance sheet information of the Company at that time, adjusted for dividend payments, which is set in each case in relation to the average of the analysts' expectations for EBITDA for the period of the next twelve months.

The Executive Board and the Supervisory Board point out that there are different sources and calculation methods for historical multiples, so that deviating values can also be determined from the above-mentioned values. In addition, this paragraph compares valuation multiples for financial year 2018, which ends in approximately six months, with historical valuation multiples that assume EBITDA for the next twelve months.

3.5 Valuation based on carrying amounts and earnings or discounted cash flow methods

Based on carrying amounts (IFRS), GRAMMER was valued at EUR 26.51 per GRAMMER Share according to the Company's quarterly report as of 31 March 2018. Therefore, the Total Consideration of EUR 61.25 per GRAMMER Share corresponds to a premium of 131%.

The enterprise value derived on the basis of the long-term strategic business plan (calculated as the present value of expected cash flows (DCF)), which is regularly carried out for the purpose of validating the accounting valuations, is also below the Total Consideration.

3.6 Relevant risks for the assessment

The Executive Board and the Supervisory Board point out that the business activity of GRAMMER is exposed to risks, which cannot be assessed with certainty. In addition to the market risks, which the Company regards as being particularly important, these risks particularly include competition risks, procurement risk due to fluctuation of raw materials prices or supplier default or risks in connection with regulatory requirements due to numerous changes and adjustments to regulations, laws, guidelines and technical requirements to which GRAMMER is exposed as a globally operating company. These and other risks are described in more detail in the Opportunity and Risk Report on page 93 et seq. of the Annual Report 2017 of GRAMMER (at http://www.grammer.com under the heading Investor Relations). From a present point of view, the Company cannot reliably assess whether these risks will materialize. In view of the existing uncertainties from an actual point of view and the considerable difficulties with the assessment of their economic consequences, such risks are not taken into account in these assessments beyond the provisions shown in the financial statements for previous years and it cannot be ruled out that these provisions may not be sufficient for fulfilling future obligations.

3.7 Overall assessment of the fairness of the consideration

The Executive Board and the Supervisory Board of GRAMMER have diligently and extensively analyzed the fairness of the consideration offered by the Bidder. The Executive Board and the Supervisory Board of GRAMMER have acknowledged the content of the Fairness Opinions prepared on their behalf, but have also conducted their own investigations. In doing so, the Executive Board and Supervisory Board of GRAMMER particularly took into account the following aspects:

- The Total Consideration includes a premium of approximately 19% on the last XETRA® closing price of GRAMMER Shares prior to the publication of the decision to make an offer on 28 May 2018.
- Furthermore, the Total Consideration includes a premium of approximately 12% to the average of the research analysts' price targets prior to the publication of the decision to make an offer on 28 May 2018.
- The EV/EBITDA multiple implied by the consideration exceeds the historical average multiples over the past twelve months, as well as the last three and five years. On the basis of the EV/EBITDA multiple, a premium of approximately

22 - 28% is calculated for the consideration compared to the historical average multiples, depending on the period under consideration.

- The present values per GRAMMER Share determined using the discounted cash flow method for the purpose of validating the accounting valuation methods are below the Total Consideration.

- The consideration enables the shareholders to realize value reliably and promptly.

Taking into account the abovementioned aspects, the future prospects of the GRAMMER Group as an independent group, the overall circumstances of the Offer and the results of the Fairness Opinions, which the Executive Board and the Supervisory Board of GRAMMER discussed in depth at their meetings and satisfied themselves of the plausibility of the procedure, the assumptions made and the methods and analyses applied, the Executive Board and the Supervisory Board of GRAMMER consider the consideration offered by the Bidder of EUR 60.00 per GRAMMER Share to be appropriate from a financial perspective as of the date of this Statement.

V. OBJECTIVES AND INTENTIONS OF THE BIDDER AND ANTICIPATED CONSEQUENCES FOR GRAMMER

1. Objectives and intentions in the Offer Document

In the Offer Document, the Bidder describes its intentions with regard to the future business activity of GRAMMER. In assessing the appropriateness of the consideration offered from a financial perspective, the Executive Board and the Supervisory Board also took into account the development of the stock market price of GRAMMER Shares. The intentions of the Bidder, which are discussed below, are described in further detail in Section 9 of the Offer Document. Background to the Offer is described in Section 8 of the Offer Document and in Section III.5 of this Statement. The GRAMMER Shareholders are advised to read these sections of the Offer Document carefully. The following summarized description is intended to provide an overview of the background to the Offer as well as the intentions of the Bidder, and it makes no claim to be exhaustive. Thereafter, the Executive Board and the Supervisory Board state their assessment (refer to Section V.2 of this Statement).

1.1 Future business activity, assets and future obligations of GRAMMER

Pursuant to Section 9.1 of the Offer Document, the Bidder and NJH do not intend to change GRAMMER's current and future business strategy but to support it. The independence of GRAMMER's business activities is to be preserved in every cooperation.

Bidder and NJH do not intend to initiate a squeeze-out procedure against remaining minority shareholders of GRAMMER after completion of the Transaction. Nor do they intend to have GRAMMER delisted from the regulated market of the Frankfurt Stock Exchange (Prime Standard) or the regulated market of the Munich Stock Exchange.

GRAMMER's current financing strategy is (i) to secure long-term financing of GRAMMER's organic growth, (ii) to optimize debt financing in the long term in terms of maturity and pricing, (iii) to diversify counterparty and credit risk, (iv) to secure an investment grade rating, and (v) to ensure the flexibility of the financing structure to facilitate strategic projects. As long as no effective domination agreement exists, the Bidder and NJH do not intend to change this financing strategy and commit themselves to supporting GRAMMER in obtaining sufficient financing to continue the business to the current extent.

Even if a domination agreement is concluded, the Bidder and NJH have no intention of changing GRAMMER's debt financing structure in such a way that GRAMMER's ability to finance its own growth strategy on an independent basis would be significantly impaired.

The Bidder and NJH do not intend to change GRAMMER's existing dividend policy or to initiate the payment of an extraordinary dividend.

Furthermore, the Bidder and NJH do not intend to change the independent status of the GRAMMER brand and the current company name of GRAMMER, unless this is required by the Executive Board and the Supervisory Board by a simple majority of the votes cast.

The Bidder and NJH acknowledge that GRAMMER retains all intellectual property rights of GRAMMER even after completion of the Offer. In this respect, they do not intend to initiate a transfer of know-how, technologies, and key staff, unless the transfer is undertaken at arm's length terms, does not jeopardize GRAMMER's corporate interests or is initiated and recommended by the Executive Board.

1.2 Employees, employee representations and employment conditions

According to Section 9.3 of the Offer Document, the Bidder and NJH acknowledge that the dedicated workforce of GRAMMER forms the basis of the current and future success. The Bidder and NJH do not intend to cause GRAMMER to take or initiate any action aimed at the amendment or termination of existing works agreements (*Betriebsvereinbarungen*), collective bargaining agreements (*Tarifverträge*), incentive schemes, or similar agreements of GRAMMER.

The Bidder and NJH will (i) respect the rights of the employees, works councils (*Betriebsräte*) and unions (*Gewerkschaften*) including the current structures existing within or with regard to GRAMMER under applicable laws, regulations, arrangements and agreements and (ii) not cause GRAMMER to take actions that would lead to changes to the existing employee co-determination in the Supervisory Board.

The Bidder and NJH will neither (i) cause GRAMMER to terminate employment contracts for operational reasons (*betriebsbedingte Kündigungen*), (ii) reduce the current workforce of GRAMMER otherwise, (iii) cause any other reduction of the workforce of GRAMMER in light of a closer cooperation of the two companies and/or (iv) reduce employees' absolute wages and salaries unless the Executive Board and the Supervisory Board recommend otherwise or GRAMMER Group's business operations cease to be stable and healthy and the Executive Board does not within a reasonable time period implement appropriate measures restoring GRAMMER's business operations.

1.3 GRAMMER's seat; changes to significant parts of the business and locations

According to Section 9.4 of the Offer Document, the Bidder and NJH intend not to cause:

(i) a change of GRAMMER's corporate seat (*Satzungssitz*) and headquarters from Amberg, Germany,

(ii) the closure or relocation of business locations and operations except for closures or relocations that have already been adopted by GRAMMER,

(iii) a discontinuance or disposal/sale to a third party of GRAMMER's entire business or material assets of GRAMMER's business including material business segments or divisions of the GRAMMER Group,

(iv) a change to the current organizational and business setup and structure of GRAMMER, or

(v) a liquidation of any entity of the GRAMMER Group.

1.4 Possible structural measures, corporate form and statutory object

According to information in Section 9.5 of the Offer Document, following the implementation of the Offer, the Bidder and NJH do not intend to cause a change to GRAMMER's current legal form or statutory object.

The Bidder and NJH do not intend to cause a merger, spin-off or a similar corporate reorganization of GRAMMER pursuant to the German Transformation Act (*Umwandlungsgesetz*).

The Bidder and NJH further do not intend to cause the conclusion of a domination and/or profit and loss transfer agreement with GRAMMER as the dominated company or of another enterprise agreement pursuant to Sections 291 et seq. AktG.

In Section 14.3 of the Offer Document, NJH announced its intention to make an indirect transfer of the GRAMMER Shares acquired in the Offer. According to the Bidder, it is still uncertain whether this will happen.

1.5 Executive Board and Supervisory Board

The Bidder explained in Section 9.2 of the Offer Document that it and NJH acknowledge the outstanding leadership and management skills and capabilities of the current members of the Executive Board. They intend not to initiate a change of the current composition of the Executive Board and the Supervisory Board (including any change of the existing level of co-determination in the Supervisory Board and the number of seats in the Supervisory Board).

If shareholders' representatives cease to be members of the Supervisory Board, the Bidder and NJH intend for such members to be replaced in a manner which will result in a composition of the Supervisory Board that appropriately reflects their shareholding in the Company. They have no intention to be represented in the Supervisory Board by more than two members.

NJH and the Bidder acknowledge – subject to the existence of a valid domination agreement - the Executive Board's independence and freedom from instructions.

1.6 Future business activities, seat, location of material parts of the business, use of assets, liabilities, employees and their representations, members of corporate bodies and changes to the terms and conditions of employment of the Bidder as well as the Controlling Entities and Coordinating Entities

According to Section 9.7 of the Offer Document, the Bidder currently does not carry out any business activity other than the holding of the Held GRAMMER Shares. Likewise, also NJH as well as the other Controlling Entities and Coordinating Entities (except for Ningbo Jifeng) do not carry out any operational business activity. It is not intended to make any change to the business activities of the aforementioned entities as a result of the Offer, in particular with regard to their seat and the location of material parts of the respective business, employees and their representations (if any), the members of the corporate bodies or changes to the terms and conditions of employment. As regards the use of assets as well as future liabilities, please see Section 15 of the Offer Document.

Except for the collaboration with GRAMMER as described in Section 8.1(i) through Section 8.1(iv) of the Offer Document, Ningbo Jifeng does not intend to make any change to its business activities as a result of the Offer, in particular with regard to the seat and the location of material parts of the respective business, employees and their representations, the members of the corporate bodies or changes to the terms and conditions of employment.

2. Assessment of the Bidder's objectives and possible consequences

The Executive Board and the Supervisory Board have carefully and extensively examined the objectives and intentions of the Bidder and NJH described in the Offer Document. The Executive Board and the Supervisory Board welcome the fact that as a result of the conclusion of the Business Combination Agreement the Bidder and NJH established a reliable basis for material objectives and intentions and gave for the term of the Business Combination Agreement of up to 7.5 years, material covenants regarding the business and the employees. This creates a stable basis for the future cooperation.

2.1 Strategic objectives

Expansion of market and customer access

The Executive Board and the Supervisory Board share the Bidder's intention to promote market and customer access on both sides by merging the companies.

The Executive Board and the Supervisory Board consider it advantageous for all parties involved if the respective customer groups and distribution channels are made available to both sides.

Expansion of the product portfolio

The Executive Board and the Supervisory Board share the Bidder's view that the merger will lead to a diversification of the product portfolio of the Ningbo Jifeng Group, from which the GRAMMER Group may ultimately also benefit by possibly higher sales figures of its products.

Optimization of the global footprint and promotion of innovation and growth strategy

A further goal of the merger is to promote the growth of the GRAMMER Group and the Ningbo Jifeng Group through the joint and optimized use of the production sites and through mutual support in research and development activities. The Executive Board and the Supervisory Board welcome this ambition, as it will also sustainably increase the efficiency of both companies and enable them to benefit from the existing know-how of both companies in the case of new developments.

Closer cooperation between the two corporate groups

The Executive Board and the Supervisory Board welcome the goal of closer cooperation between the two corporate groups.

Stabilization of GRAMMER's shareholder structure

The Executive Board and the Supervisory Board expressly welcome the Bidder's goal to continue the stabilization of GRAMMER's shareholder structure achieved since April 2017 through the participation of the Wang Family.

2.2 Future business activity, assets and future obligations of GRAMMER

Business strategy and customers

The Executive Board and the Supervisory Board welcome the fact that the Bidder and NJH do not intend to change GRAMMER's current and future business strategy, but rather to support GRAMMER's current and future strategy for organic and external growth and the necessary investments to maintain the production sites of the GRAMMER Group. The Executive Board and the Supervisory Board are positive that the Bidder and NJH intend to respect the excellent relationships that GRAMMER has established with its customers and suppliers.

Furthermore, the Executive Board and the Supervisory Board assess as positive that NJH and the Bidder are committed to maintaining the independence of GRAMMER's business activities, including that of its employees, while cooperating after the Transaction to the mutual benefit of both companies.

Shareholder structure, minority shareholders and listing

The Executive Board and the Supervisory Board note that NJH and the Bidder intend to acquire a stake of more than 50% in GRAMMER in order to have sufficient influence over GRAMMER. The Executive Board and the Supervisory Board share the opinion of NJH and the Bidder that a correspondingly high level of participation is crucial for stabilizing GRAMMER's shareholder structure and implementing the long-term strategy of the GRAMMER Group.

The Executive Board and the Supervisory Board welcome the fact that after completion of the Transaction, no squeeze-out proceedings against the remaining minority shareholders of GRAMMER and no cancellation of the admission of GRAMMER shares to the regulated market of the Frankfurt Stock Exchange (Prime Standard) or the regulated market of the Munich Stock Exchange are intended.

Financing, dividend policy and external rating

The Executive Board and the Supervisory Board welcome the fact that, in line with their growth strategy and its needs and possibilities, GRAMMER should maintain sufficient authorized capital and conditional capital in line with the current practice of comparable German listed companies.

The Executive Board and the Supervisory Board expressly positively assess the fact that NJH and the Bidder do not intend to change GRAMMER's current financing strategy. The Executive Board and the Supervisory Board welcome the fact that NJH and the Bidder have committed themselves to supporting GRAMMER in obtaining sufficient financing to continue the business to the current extent. The Executive Board and the Supervisory Board also welcome the fact that NJH and the Bidder do not intend to change GRAMMER's debt financing structure in such a way that GRAMMER's ability to finance its current growth strategy on an independent basis would be significantly impaired even after a possible domination agreement becomes effective (for further information see Section 9.5 of the Offer Document).

The Executive Board and Supervisory Board welcome the fact that NJH and Bidder do not intend to cause GRAMMER to change its current dividend policy or to pay an extraordinary dividend.

The Executive Board and the Supervisory Board share the view that GRAMMER should retain its current external ratings and that these should not be negatively affected.

GRAMMER Trademarks and Intellectual Property

The Executive Board and the Supervisory Board share the conviction of NJH and the Bidder that GRAMMER brands have value and that the Company has performed outstandingly in the exploitation of its successful brands, and that the efforts to further increase the market awareness of the brands must be supported. The Executive Board and the Supervisory Board therefore expressly assess it positively that NJH and the Bidder do not intend to change the independent status of the GRAMMER brand or the current company name of GRAMMER.

The Executive Board and the Supervisory Board acknowledge that NJH and the Bidder fully respect GRAMMER's intellectual property and R&D obligations and recognize that GRAMMER's intellectual property remains with GRAMMER even after completion of the Transaction. The Executive Board and the Supervisory Board welcome the intention not to initiate any transfer of know-how, technologies and key employees, unless the transfer takes place on arm's length conditions, does not impair GRAMMER's corporate interests or is initiated and recommended by the Executive Board.

2.3 GRAMMER's Executive Board and Supervisory Board

The Executive Board and the Supervisory Board welcome the fact that NJH and the Bidder do not intend to change the current composition of the Executive Board and the Supervisory Board (including the existing level of co-determination in the Supervisory Board). The Executive Board and the Supervisory Board recognize the Bidder's desire to be adequately represented on GRAMMER's Supervisory Board and consider it understandable to bring about a composition of the Supervisory Board that adequately reflects the Bidder's participation after completion of the Transaction, provided that shareholder representatives leave the Supervisory Board. The Executive Board and the Supervisory Board welcome the intention of NJH and the Bidder not to be represented on the Supervisory Board by more than two members.

In Section 9.2 of the Offer Document, the Bidder and NJH have stated that they acknowledge the independent management of the Company by the Executive Board until a domination agreement takes effect. The Executive Board and the Supervisory Board welcome the fact that the Bidder and NJH have no intentions to issue instructions to the Executive Board or its members. The Executive Board and the Supervisory Board also welcome the fact that NJH and the Bidder also acknowledge that the Supervisory Board monitors and advises the Executive Board on its own responsibility independently of the result of the Offer.

The Executive Board and the Supervisory Board consider it positive that NJH and the Bidder do not intend to introduce amendments to GRAMMER's Articles of Association that would result in a change in the number of Supervisory Board seats.

2.4 Employees, conditions of employment and employee representation

Due to legal regulations, the implementation of the Offer has no direct impact on the employees of the GRAMMER Group, their terms of employment and their existing rights and commitments. The current employment contracts continue with the respective company of the GRAMMER Group without a transfer of operations being triggered by the successful execution of the Offer.

The Executive Board and the Supervisory Board expressly share the opinion of NJH and the Bidder that the committed employees of GRAMMER and its subsidiaries are fundamental to the current and future success of GRAMMER. The Executive Board and the Supervisory Board welcome the fact that NJH and the Bidder are considering the Transaction as an opportunity for growth of the GRAMMER Group's workforce and other interest groups, and not as an acquisition aimed at reducing costs. The Executive Board and the Supervisory Board expressly consider it positive that NJH and the Bidder – subject to mandatory legal requirements – do not intend to cause GRAMMER to take measures aimed at changing, modifying or terminating the existing works agreements (*Betriebsvereinbarungen*), collective bargaining agreements (*Tarifverträge*), incentive systems or similar agreements at GRAMMER.

NJH and the Bidder have stated in Section 9.3 of the Offer Document that they (i) respect the rights of employees, works councils and trade unions under applicable laws, regulations, contracts and agreements, including the current structures within and with respect to GRAMMER and (ii) will not cause GRAMMER to take measures that would change co-determination on the Supervisory Board. The Executive Board and the Supervisory Board expressly welcome this.

The other intentions with regard to the GRAMMER's level of employment are also rated very positively by the Executive Board and the Supervisory Board. This includes that NJH and the Bidder intend to maintain GRAMMER's current level of employment (also with regard to regional distribution). Furthermore, neither NJH nor the Bidder plan (i) to cause GRAMMER to make redundancies for operational reasons, (ii) to otherwise reduce GRAMMER's current workforce, nor (iii) to otherwise reduce GRAMMER's workforce in the context of closer cooperation between the two companies, nor (iv) to reduce the absolute wages and salaries of GRAMMER's employees (and have no current intentions to do so). This is subject to a recommendation of the Executive Board and the Supervisory Board to the contrary and unless the business operations of GRAMMER Group lose their stable and healthy condition (which may be the case if significant deviations occur in business operations) and the Executive Board does not implement suitable measures to restore GRAMMER's business operations within a reasonable period of time. The Executive Board and the Supervisory Board can understand this reservation.

2.5 Seat of GRAMMER; changes in significant parts of the company and locations

The Executive Board and the Supervisory Board expressly consider it positive that NJH and the Bidder do not intend to relocate the registered seat and headquarters of GRAMMER from Amberg, Germany, to close or relocate certain company locations or operations, to discontinue GRAMMER's entire business operations or to dispose of them or sell them to a third party, or to discontinue significant assets of GRAMMER's business operations, including significant business areas or departments of the GRAMMER Group, or their disposal/sale to a third party, or the change of the existing organizational and business set-up and the existing organizational and business structure of GRAMMER. Equally positive is the fact that a dissolution of a GRAMMER Group company is not intended.

2.6 Possible structural measures, legal form and corporate purpose

The Executive Board and the Supervisory Board welcome the fact that NJH and the Bidder do not intend to change GRAMMER's existing legal form or corporate purpose.

The Executive Board and the Supervisory Board also welcome the fact that no structural measures such as merger, spin-off or similar restructuring of GRAMMER pursuant to the German Transformation Act (*Umwandlungsgesetz*) or the conclusion of a domination and/or profit and loss transfer agreement with GRAMMER as a controlled company or another enterprise agreement pursuant to Sections 291 et seqq. AktG are intended.

2.7 Possible restructuring of GRAMMER's stake within the NJH Group

Section 14.3 of the Offer Document describes in more detail that NJH may intend to make an indirect transfer of the GRAMMER Shares acquired in the Offer. However, it is still uncertain whether this will happen. The Executive Board and the Supervisory Board take note of this and will support NJH in this.

2.8 Financial consequences for GRAMMER

Financing of GRAMMER

GRAMMER has significant financing facilities, some of which have already been utilized, in connection with which the lenders have a right of termination in the event of a change of control.

In the event of a change of control at GRAMMER, the loan conditions in all credit agreements concluded with GRAMMER and other GRAMMER Group companies contain a direct or indirect right of the lenders to demand repayment of the outstanding loan amounts plus accrued interest immediately after the change of control has taken place. The occurrence of a change of control may also result in the payment of early repayment penalties by GRAMMER. In addition, the GRAMMER Group may incur costs even if the termination right is not exercised. In the key agreements, the change of control already occurs when the 30% limit is exceeded.

It is not possible to predict with certainty whether and to what extent the credit agreements described here will be terminated by the lending banks upon the occurrence of a change of control. In the worst case, a termination by the lending banks due to a change of control could make the entire financing of GRAMMER due.

In Section 14.1.2 of the Offer Document, the Bidder has further stated that it has taken all necessary measures to ensure that it has the financial resources necessary to fully comply with the Offer and that it and Jiye Holdco have the financial resources necessary to settle the Ancillary Transaction Costs in full in good time. The Executive Board and the Supervisory Board have no reason to doubt this.

Tax effects

The Executive Board and the Supervisory Board point out that the execution of the Offer could adversely affect the tax situation of the Company and the GRAMMER Group to the extent that existing loss carryforwards and those arising in the current financial year could no longer be used by the companies of the GRAMMER Consolidated Group abroad. In many countries there are tax regulations governing the loss of loss carryforwards in case of a transfer of more than 50% of the capital, participation or voting rights in a corporation. As a result, no losses can be utilized in the current financial year. In this case, a significantly higher tax burden would have to be expected, unless other arrangements can be made.

GRAMMER's dividend policy

The Executive Board and the Supervisory Board point out that the future amount of possible dividend payments cannot be predicted.

Effects on existing business relationships

The Executive Board and the Supervisory Board cannot currently rule out the possibility that major business partners may terminate their contracts.

VI. POSSIBLE IMPACT ON THE GRAMMER SHAREHOLDERS

The following statements have the purpose of providing the GRAMMER Shareholders with the necessary information for an assessment of the consequences of acceptance or non-acceptance of the Offer. The following information contains several aspects that the Executive Board and the Supervisory Board consider relevant for the decision by the GRAMMER Shareholders regarding the acceptance of the Offer. However, such a listing cannot be conclusive, because individual special features cannot be taken into account. GRAMMER Shareholders must make an independent decision on whether and to what extent they accept the Offer. The following points can only be a guideline. Every GRAMMER Shareholder should sufficiently consider their personal circumstances when making the decision. The Executive Board and the Supervisory Board recommend that each individual GRAMMER Shareholder should obtain expert advice, where necessary.

1. Possible impact of accepting the Offer

In consideration of the statements above, all GRAMMER Shareholders intending to accept the Offer should note among others the following points:

- GRAMMER Shareholders who accept the Offer or have accepted the Offer will no longer profit directly from any positive development of the stock exchange price of the GRAMMER Shares or any positive business development of the GRAMMER Group.

- GRAMMER Shareholders who accept the Offer or have accepted the Offer are bound to their declaration of acceptance and they are only entitled to specific withdrawal rights laid down in the Offer Document.

- GRAMMER Shareholders who accept the Offer or have accepted the Offer are obligated to unwind contracts that were entered into conditionally upon the acceptance of the Offer, if and insofar as the Completion Conditions have not been fulfilled or they have not been validly waived by the Bidder by the end of the Acceptance Period (for further details, reference is made to Section 11.5 of the Offer Document).

- According to the Offer Document, all Tendered GRAMMER Shares can be traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange from the third stock exchange day following the beginning of the Acceptance Period under a separate ISIN. This trading is expected to end no later than three stock exchange trading days before the expected settlement of the Offer. However, the liquidity of the Tendered GRAMMER Shares could be subject to strong fluctuations or may not exist at all or may be low. This could lead to significant price discounts.

- After the completion of the Offer and the end of the one-year period pursuant to Section 31 para. 5 WpÜG, it is possible for the Bidder to additionally acquire further GRAMMER Shares at a higher price outside the stock exchange, without being required to adjust the consideration for those GRAMMER Shareholders who have already accepted the Offer. Within the aforementioned one-year period, the Bidder can furthermore acquire GRAMMER Shares on the stock exchange at a higher price, without being required to adjust the consideration for those GRAMMER Shareholders who have already accepted the Offer.

- GRAMMER Shareholders who accept the Offer shall not participate in any severance payments, which are payable by law (or on the basis of interpretation of the laws as a result of standing case law) in the case of specific structural measures that are implemented after the completion of the Offer (e.g. upon conclusion of a domination agreement and/or profit and loss transfer agreement, squeeze-out or transformations). Such severance payments are measured on the basis of the enterprise value of the GRAMMER Group and are subject to judicial controls within the context of court procedures for verification (*Spruchverfahren*). Such severance payments can be higher or lower than the offered consideration.

2. **Possible impact of non-acceptance of the Offer**

GRAMMER Shareholders who do not accept the Offer and also do not otherwise sell their GRAMMER Shares will remain GRAMMER Shareholders. However, they should, inter alia, note the Bidder's information under Section 17 of the Offer Document as well as the following:

- GRAMMER Shareholders who decide not to accept the Offer will continue to bear the risk of the future business development of GRAMMER and other risks of GRAMMER (particularly the risks described in Section IV.3.6 of this Statement). If these risks materialize, the price of the GRAMMER Shares could significantly fall and the GRAMMER Shareholders could lose part or all of their investments.

- GRAMMER Shareholders bear the direct risk of future development of the stock exchange price of the GRAMMER Shares. If the Offer is not accepted, it is possible that the Minimum Acceptance Threshold for the Offer of 50% plus one share is not achieved and will therefore not become valid (see Section III.7.6 of this Statement). If the Offer does not become valid, this could have a significant negative impact on the stock exchange price of the GRAMMER Shares.

- GRAMMER Shares that are not tendered pursuant to the Offer shall continue to be traded at the relevant stock exchanges until possible discontinuation of the stock exchange listing of the GRAMMER Shares takes place. It is uncertain whether the stock exchange price of the GRAMMER Shares will rise or fall in the near future or will remain at a comparable level.

- The implementation of the Offer will presumably lead to a reduction of the free float of the GRAMMER Shares. The number of GRAMMER Shares in free float could even be reduced so far that the liquidity of the GRAMMER Shares is reduced significantly. As a result of this, it is possibly impossible to execute buy and sell orders for GRAMMER Shares, or in any case, not within an adequate time period.

- On the basis of the Completion Condition in Section 13.1.1 of the Offer Document (Minimum Acceptance Threshold), in the case of the Offer being completed, GRAMMER will be in the majority ownership of the Bidder and will therefore be a company controlled by the Bidder within the meaning of Section 17 AktG. The legal framework conditions for the relationship between the Bidder as a controlling shareholder and GRAMMER as a controlled company are defined by Sections 311 et seq. AktG. Measures which are detrimental for GRAMMER, but advantageous for the Bidder or Bidder's affiliates, are permitted, provided that the detriment is compensated. In the long term, this can nevertheless lead to weakening of the business and the profitability.

- After successful completion of the Offer, the Bidder might have the necessary qualified majority to pass resolutions on specific structural measures under stock corporation law or other resolutions of significant importance in the Company's general shareholders' meeting. Such possible measures that come into question (to the extent legally permissible) are, for example, amendments to the articles of association, approval of a domination and/or profit and loss transfer agreement, the exclusion of subscription rights of the GRAMMER Shareholders as a result of capital measures, restructuring, merger, and liquidation (including transferring liquidation) of the Company, as well as measures that lead to the discontinuation of the Company's stock exchange listing (so-called delisting). The Bidder may possibly also reach the required shareholding threshold of 90% of the share capital required for a squeeze-out under transformation law. According to Section 9.1 of the Offer Document, the Bidder does not intend to implement a squeeze-out.

- With a domination and profit and loss transfer agreement, the Bidder, as a controlling company, could issue binding instructions to the Executive Board of GRAMMER regarding the management of the Company. On the basis of the obligation to transfer profit, the Bidder could demand the transfer of the total balance sheet profit of the Company.

- Only some of the measures listed above could lead to an obligation by the Bidder to make an offer to the minority shareholders in order to acquire their GRAMMER Shares in exchange for a fair compensation payment or recurring guaranteed dividend.

- The severance payment or compensation payments to the GRAMMER Shareholders in connection with possible structural measures implemented by the Bidder can be higher or lower than the value of the offered consideration. A series of possible measures would not trigger any obligations to immediately make compensation payments of any type to GRAMMER Shareholders. However, it cannot be ruled out that such measures can also have a detrimental impact on the share price of the GRAMMER Shares.

- Following the completion of the Offer or at a later time, to the extent legally permissible, the Bidder could also arrange for GRAMMER to apply for the revocation of the stock exchange listing (delisting) pursuant to Section § 39 para. 2 of the German

Stock Exchange Act (*BörsG*) and the applicable regulations of the relevant regional stock exchanges or a change of the stock market segment from Prime Standard to General Standard (downlisting) and to take all measures necessary in this respect. In such a case the GRAMMER Shareholders would no longer benefit from the increased reporting requirements based on a stock exchange listing. The delisting of the GRAMMER Shares may reduce the liquidity of the GRAMMER Shares for its shareholders as trading in GRAMMER Shares may only occur outside the stock exchange. This may negatively impact the tradable value of the GRAMMER Shares.

- If it holds the required majority of GRAMMER Shares, the Bidder can influence the appropriation of the balance sheet profit. Therefore, no statement can be made at present regarding the future dividend distribution policy of GRAMMER.
- The Bidder could demand the transfer of the GRAMMER Shares held by the remaining GRAMMER Shareholders to the main shareholder in exchange for an adequate cash compensation (squeeze out), if it directly or indirectly holds the required number of GRAMMER Shares.
- If the Bidder holds GRAMMER Shares in the amount of at least 95% of the voting share capital of GRAMMER upon completion of the Offer or within three months after the end of the Acceptance Period, the GRAMMER Shareholders who have not yet accepted the Offer up to this time can accept the Offer subsequently (Section 39c WpÜG).

VII. OFFICIAL APPROVALS AND PROCEEDINGS

According to Section 12 of the Offer Document, the anticipated acquisition of GRAMMER Shares by means of the Offer is subject to the merger control clearance and other regulatory approvals in various jurisdictions.

According to the information of the Bidder in Section 12.1.1 of the Offer Document, official clearance or notification was granted for the following countries at the time of publication of the Offer Document:

- United States: The merger control clearance under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976 regarding the direct acquisition of GRAMMER and the indirect acquisition of TMD by the Bidder;
- PRC:
  - (i) The merger control clearance of the acquisition of GRAMMER without taking into account the TMD Transaction by the Chinese Ministry of Commerce (MOFCOM) pursuant to the Chinese Anti-Monopoly Law and its implementing regulations;
  - (ii) The notification of project filing by the National Development and Reform Commission of the PRC;
  - (iii) The overseas investment certificate by Ningbo Chinese Ministry of Commerce (MOFCOM) regarding the Transaction; and
  - (iv) The registration of the Transaction with a qualified bank approved by the State Administration of Foreign Exchange of the PRC or its local competent counterparts;
- Slovakia: The merger clearance of the Transaction by the Antimonopoly Office of the Slovak Republic pursuant to the Slovak Competition Act and its implementing regulations;

- Poland: The merger clearance of the Transaction pursuant to the Polish Act of 16 February 2007 on Competition and Consumer Protection and its implementing regulations;

- Czech Republic: The merger clearance of the Transaction by the Czech Republic's Office for the Protection of Competition pursuant to the Czech Competition Act and its implementing regulations;

- Turkey: The merger control clearance of the acquisition of GRAMMER without taking into account the TMD Transaction by the Turkish Competition Authority according to Article 7 of the Act No. 4054 on the Protection of Competition and its implementing regulations;

- Mexico: The merger control clearance of the Transaction by the Mexican Federal Commission on Economic Competition pursuant to the Mexican Federal Economic Competition Law and its implementing regulations.

On 2 July 2018, the Austrian FCA announced that the prohibition of implementation of the business combination ceased to apply with effect as of 30 June 2018.

According to the information provided by the Bidder in Section 12.1.2 of the Offer Document, a necessary official approval of the Transaction has not yet been granted for the following countries at the time of publication of the Offer Document:

- Turkey: The merger clearance in consideration of the completion of the TMD Transaction by the Turkish Competition Authority;

- PRC: The merger clearance of the Transaction in consideration of the completion of the TMD Transaction by the State Administration for Market Regulation;

- Mexico: As the case may be, a new Mexican merger clearance of the Transaction in case of the expiry of the granted clearance;

- Germany: Granting a certificate of non-objection (*Unbedenklichkeitsbescheinigung*) with respect to the Transaction by the German Federal Ministry of Economics and Energy (*Bundesministerium für Wirtschaft und Energie*) pursuant to the German Foreign Trade Ordinance (*AWV*).

Please refer to Section 12 of the Offer Document for further details. The necessary approvals of the Transaction have been included in the takeover offer as Completion Conditions. For further details, please refer to Section 13 of the Offer Document and Section III.7.4 of this Statement.

VIII. INTERESTS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

1. Special interests of the members of the Executive Board

The Executive Board presently comprises the members Hartmut Müller, Gérard Cordonnier and Manfred Pretscher. According to Section 9.2 of the Offer Document, the Bidder intends not to initiate a change of the current composition of the Executive Board.

The members of the Executive Board of GRAMMER do not hold any GRAMMER Shares.

Following a prior discussion of the corresponding drafts, the Executive Board discussed and finally unanimously approved the contents of this Statement on 6 July 2018.

2. **Special interests of the members of the Supervisory Board**

According to the articles of association, the Supervisory Board is comprised of twelve members. The current members of the Supervisory Board are Dr.-Ing. Klaus Probst, Horst Ott*, Andrea Elsner*, Tanja Fondel, M.A.*, Dipl. Betriebswirt (FH) Wolfram Hatz, Martin Heiß*, Lic. Oec. HSG Ingrid Hunger, Dipl.-Betriebswirt (FH) Harald Jung*, Dr. Peter Merten, Lars Roder*, Prof. Dr. Ing. Birgit Vogel-Heuser and Dr. Bernhard Wankerl (*refers to employee representatives).

Dr.-Ing. Klaus Probst holds 20,000 GRAMMER Shares and Mr Horst Ott holds 50 GRAMMER Shares. They will accept the Offer for the GRAMMER Shares held by them. The remaining members of the Supervisory Board do not hold any GRAMMER Shares.

According to Section 9.2 of the Offer Document, the Bidder intends not to change the current composition of the Supervisory Board (including the existing level of co-determination in the Supervisory Board). However, if shareholder representatives leave the Supervisory Board, NJH and the Bidder intend to replace them in such a way that the composition of the Supervisory Board adequately reflects the Bidder's participation after completion of the Transaction. NJH and the Bidder do not intend to be represented on the Supervisory Board by more than two members.

Following a prior discussion of the corresponding drafts, the Supervisory Board discussed and finally unanimously approved the contents of this Statement on 6 July 2018.

3. **Agreements with the members of the Executive Board or Supervisory Board**

Neither the Bidder nor persons acting jointly with the Bidder or their subsidiaries have entered, even indirectly, into any agreements with individual members of the Executive Board or the Supervisory Board nor have they promised the members of the Executive Board any extension of their service contracts.

The contracts of the Executive Board members contain provisions according to which the contract can be terminated in the event of a closely defined change of control and the Executive Board members shall receive a severance payment. According to Section 9.2 of the Offer Document, NJH and the Bidder intend to continue working with the current Executive Board. No further discussions have taken place so far.

4. **No benefits of a monetary value or other benefits in connection with the Offer**

The members of the Executive Board and the Supervisory Board have not been granted, promised, or given prospects of any financial benefits or any other benefits of a monetary value by the Bidder or persons acting jointly with the Bidder or their subsidiaries.

IX. INTENTIONS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD TO ACCEPT THE OFFER

The members of the Executive Board do not hold any GRAMMER Shares.

The members of the Supervisory Board, Dr.-Ing. Klaus Probst and Horst Ott intend to accept the Offer for all GRAMMER Shares held by them.

X. RECOMMENDATION

In consideration of the information in this Statement, the overall circumstances of the Offer and the objectives and intentions of the Bidder, the Executive Board and the Supervisory Board hold the view that the consideration offered by the Bidder is fair within the meaning of Section 31 para. 1 WpÜG and the implementation of the Offer is in the interest of GRAMMER and the GRAMMER Shareholders.

In addition, the Executive Board and the Supervisory Board consider the agreements concluded with the BCA Parties in the Business Combination Agreement with regard to the further cooperation and future business development of GRAMMER to be basically positive.

For this reason and in consideration of the remarks above in this Statement, the Executive Board and the Supervisory Board recommend that all GRAMMER Shareholders accept the Offer.

The decision about the acceptance or non-acceptance of the Offer should be made by each GRAMMER Shareholder individually, subject to the appraisal of the overall circumstances, their individual circumstances, and their personal assessment of the future development of the value and the stock exchange price of the GRAMMER Shares. Subject to mandatory statutory regulations, the Executive Board and the Supervisory Board shall not be responsible in the event that the acceptance or non-acceptance of the Offer leads to detrimental financial consequences for a GRAMMER Shareholder afterwards.

Amberg, 6 July 2018

The Supervisory Board **The Executive Board**

INDEX OF DEFINITIONS

Annex 1: Fairness Opinion by Morgan Stanley dated 6 July 2018

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Morgan Stanley

Grammer AG
Executive Board
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Germany

06 July 2018

Members of the Executive Board:

Jiye Auto Parts GmbH ("***BidCo***"), an indirect subsidiary of Ningbo Jihong Investment Co., Ltd. ("***Ningbo Jihong***" or the "***Bidder***"), launched on 25 June 2018 a voluntary public takeover offer to the shareholders of Grammer AG ("***Grammer***" or the "***Company***") to acquire all outstanding shares in Grammer excluding the treasury shares owned by the Company (the "***Transaction***").

As set forth in more detail in BidCo's offer document (the "***Offer Document***"), Grammer's shareholders are being offered to tender their shares to BidCo for a cash consideration of €60.00 per Grammer share (the "***Offer Price***").

You have asked for our opinion as to whether the Offer Price to be received by the shareholders of the Company is fair from a financial point of view.

For purposes of the opinion set forth herein, we have:

(a) reviewed certain publicly available financial statements and other business and financial information of the Company ("***Public Information***");

(b) reviewed certain financial projections prepared by the management of the Company;

(c) discussed the past and current operations and financial condition and the prospects of the Company with the executive board of the Company;

(d) reviewed certain financial projections prepared by the management of the Company for the contemplated Toledo Molding & Die Inc. acquisition incl. synergies;

(e) discussed the relative merits and risks of the contemplated Toledo Molding & Die Inc. acquisition with the executive board of the Company;

(f) reviewed the reported share prices and trading activity for the Company shares;

(g) reviewed analysts' price targets for the Company;

(h) compared the financial performance of the Company and the prices of the Company shares with that of certain other publicly-traded companies comparable with the Company, and their securities;

(i) reviewed the financial terms, to the extent publicly available, of certain comparable transactions as well as control premia;

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(j) conducted illustrative intrinsic valuation analyses based on, among other things, the estimated discounted cash flows of the Company;

(k) participated in certain discussions and negotiations among representatives of the Company and the Bidder and their financial and legal advisors;

(l) reviewed, for information purposes only, the Offer Document and the business combination agreement between the Company, the Bidder and BidCo dated 29 May 2018; and

(m) performed such other analyses, reviewed such other information and considered such other factors as we have deemed appropriate.

In forming our opinion, we have also taken into account and relied upon (in each case without independent verification):

(a) the accuracy and completeness of the Public Information available or supplied or otherwise made available to us by the Company, and formed a substantial basis for this opinion.

(b) the financial projections, in relation to which we have assumed that such projections, have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Company.

(c) that the Transaction will be consummated in accordance with the terms set forth in the Offer Document without any waiver, amendment or delay of any terms or conditions. Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the Transaction.

(d) the fact that the Company has taken its own legal, tax, regulatory or actuarial advice. We are financial advisors only and have relied upon, without independent verification, the assessment of the Company and its legal, tax, regulatory or actuarial advisors with respect to legal, tax, regulatory or actuarial matters. For the avoidance of doubt, we are not auditors and this opinion is not an IDW PS8 letter. Further, for the purpose of our analysis, we have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals.

We express no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company's officers, directors or employees, or any class of such persons, relative to the consideration to be paid to the shareholders of the Company in the Transaction.

Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

In arriving at our opinion, we were not authorised to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction, involving the Company, nor did we negotiate with any of the parties, other than the Bidder, which expressed interest to Morgan Stanley in the possible acquisition of the Company or certain of its constituent businesses.

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Morgan Stanley

We have acted as financial advisor to the Executive Board (*Vorstand*) of the Company in connection with this transaction and will receive a fee for our services, a significant portion of which is contingent upon the closing of the Transaction. In the two years prior to the date hereof, we have provided financial advisory services for the Company and have received fees in connection with such services. Morgan Stanley may also seek to provide such services to the Bidder and the Company in the future and expects to receive fees for the rendering of these services. Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment management, banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of the Bidder, the Company or any other company or any currency or commodity that may be involved in this transaction or any related derivative instrument.

This opinion has been approved by a committee of Morgan Stanley investment banking and other professionals in accordance with our customary practice. This opinion is for the information of the Executive Board of the Company and may not be used for any other purpose without our prior written consent, except that a copy of this opinion may be included in its entirety in any filing the Company is required to make according to §27 WpÜG. **This opinion is not addressed to and may not be relied upon by any third party including, without limitation, employees, creditors or shareholders of the Company.** In addition, this opinion does not in any manner address the prices at which the Company's shares will trade following consummation of the Transaction.

It is understood that the views set forth in this letter are within the scope of, and provided on and subject to, the engagement letter dated 12 January 2017 and the amendment dated 07 February 2017 between Morgan Stanley and the Company.

We have taken the facts, events and circumstances set forth in this opinion, together with our assumptions and qualifications, into account when determining the meaning of "fairness" for the purposes of this opinion. For the purposes of our opinion, we have not considered the circumstances of individual shareholders.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the consideration to be received by the shareholders of the Company shares pursuant to the Offer Document is fair from a financial point of view to the shareholders of the Company shares.

Yours faithfully,

MORGAN STANLEY & CO. INTERNATIONAL PLC

By:

Karsten Hofacker

Managing Director

Registered in England and Wales, No. 2164628.
Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA
Authorised and Regulated by the Financial Services Authority

Annex 2: Fairness Opinion by Macquarie dated 6 July 2018

Macquarie Capital (Europe) Limited, Niederlassung Deutschland
A Member of the Macquarie Group of Companies

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06 July 2018

STRICTLY CONFIDENTIAL

Grammer AG
Georg-Grammer-Straße 2
92224 Amberg
Germany

Dear Sirs / Madams,

On 25 June 2018, Jiye Auto Parts GmbH (the "**Bidder**"), a German acquisition entity affiliated with the Chinese component supplier Ningbo Jifeng Auto Parts Co. Ltd. ("**Jifeng**"), formally launched a voluntary public takeover offer (the "**Offer**") to acquire all shares in publicly listed Grammer AG ("**Grammer**", the "**Target**" or "**you**"), a company listed in the Prime Standard of the Frankfurt Stock Exchange (the "**Transaction**"). Previously, on 29 May 2018, the Bidder had announced its intention to launch a voluntary public takeover offer and had signed a business combination agreement with Grammer.

The Bidder's cash consideration under the Offer is Euro 60.00 per share (the "**Offer Price**"). The Offer is, amongst other conditions, subject to a minimum acceptance condition (i.e. the number of shares held by the Bidder plus the number of shares tendered under the Offer must amount to 50% plus one share) and customary regulatory approvals. Please be advised that, while certain elements of the Offer are summarized above, the terms of the Offer are more fully described in the offer announcement and the offer document. As a result, the description of the Offer and certain other information contained herein is qualified in its entirety by reference to the more detailed information appearing or incorporated by reference in the offer announcement and the offer document.

We understand that the management board and supervisory board of Grammer will provide the Target's shareholders with a joint reasoned opinion regarding the Offer ("**Reasoned Opinion**"), including as to the Offer Price.

ENGAGEMENT OF MACQUARIE

Macquarie Capital (Europe) Limited ("**Macquarie**", "**us**" or "**we**") has been formally engaged by Grammer pursuant to an engagement letter dated 18 May 2018 and signed on 22 May 2018 (the "**Engagement Agreement**"). Pursuant to the Engagement Agreement you have requested that we provide our views on the Offer Price to the management board (*Vorstand*) and supervisory board (*Aufsichtsrat*) of Grammer. This letter is provided pursuant to, and subject to the terms and conditions of the Engagement Agreement between Grammer and Macquarie.

SCOPE OF LETTER

This letter addresses only the fairness to Grammer, from a financial point of view, of the Offer Price (the "**Opinion**"). It does not address any other aspect or effect of the Transaction

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Registered office of the head office: Macquarie Capital (Europe) Limited, Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom www.macquarie.com
Directors: David Fass, Kathryn Burgess, Daniel Wong Company Secretary: Helen Everitt Permanent Representatives of the German branch: Dr. Rainer Langel.
Macquarie Capital (Europe) Limited (MCEL) is incorporated and registered as a private limited company in England and Wales (Company No. 03704031, Firm Reference No.193905). MCEL is authorised and regulated by the Financial Conduct Authority

and does not verify the aggregate value of the Target, nor does it contain a recommendation to the Target's Shareholders to accept or reject the Offer.

Macquarie has not been engaged to prepare, and has not prepared, either an independent expert's report or a valuation or appraisal of the Target or any of its assets, securities or liabilities, and this letter must not be construed as such. This letter is not and should not be considered a valuation opinion (*Unternehmensbewertung*) as usually rendered by qualified auditors based on the requirements of German corporate and commercial law such as a company valuation performed according to IDW S 1 and this letter has not been prepared in accordance with IDW S 8. The exercise carried out by Macquarie in providing this letter differs from any report or valuation that may be carried out following a potential execution of a domination and/or profit and loss transfer agreement between Grammer and the Bidder or squeeze-out of Grammer and the results of such valuation or report may therefore differ from the Offer Price. Neither does this letter seek to address the relative merits of the Transaction compared to alternative transactions or strategies that might be available to Grammer (or the effect thereof on any other transaction in which Grammer may engage), nor does it address the business decision or underlying commercial reasoning of the management board or supervisory board of Grammer in respect of the Transaction. This letter is not intended to act in any way as a recommendation to proceed (or not to proceed) with the Transaction, which is a commercial decision for the management board and supervisory board of Grammer to make. We express no view as to the structure and content of the Offer or its conformity with applicable laws and regulations. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Offer, or any class of such persons, relative to the Offer Price or with respect to the fairness of any such compensation. We are expressing no opinion herein as to the price at which the Target shares will trade at any future time.

BENEFIT AND USE OF OPINION

The Opinion is provided solely for the management board and supervisory board of Grammer to assist with the evaluation of the Transaction. In accordance with the terms of the Engagement Agreement, Macquarie herewith grants Grammer's management board and supervisory board permission to disclose the fact that Macquarie has provided its Opinion in connection with the Transaction.

This letter may not be used or relied upon by, and does not confer any rights or remedies upon, holders of Grammer shares, any creditor, supplier or customer of Grammer or any other person (including for the avoidance of doubt, the Target and its contractors and directors). This letter may not be quoted, reproduced, summarised, disseminated or otherwise disclosed provided that Grammer may refer to the fact that Macquarie has provided this letter and may attach a copy of this letter to the Reasoned Opinion, provided that this letter is disclosed in full and that any description of, or reference to, us is in a form acceptable to us. A copy of the letter may also be provided to Grammer's other professional advisers with Macquarie's prior written consent provided that the recipient expressly acknowledges that the letter is received on a non-reliance and confidential basis, for information purposes only, and that Macquarie shall have no liability to the recipient or any third party as a result of such provision. For the avoidance of doubt, no contractual relationship shall exist or arise under any circumstances between any third party recipient and us in relation to this letter or the opinion contained therein.

SCOPE OF REVIEW CONDUCTED BY MACQUARIE

In providing this letter, Macquarie has reviewed and relied upon, or carried out (without verifying or attempting to verify independently the completeness or accuracy thereof), among other things, the following:

- Financials and market data (websites, annual / quarterly reports, investor / company presentations, FactSet, Bloomberg, etc.) with respect to Grammer and other listed companies considered relevant for comparable trading and benchmarking analyses;
- Financials and market data (websites, press releases, FactSet, Bloomberg, etc.) with respect to transactions considered relevant for comparable transaction analyses;
- Publications and reports by equity research analysts, Grammer and other companies relevant for comparable trading, benchmarking and precedent transaction analyses;

- Due diligence presentation presented to Jifeng (named “Commercial Due Diligence Presentation”);
- Latest business plan (from 24 May 2018) incl. impact from the acquisition of Toledo Molding & Die (“TMD”), referred to as “Simulation 4 planning”, prepared by Grammer (named “Update Simulationen Mehrjahresplanung”); and
- Internal memo regarding the acquisition of TMD (named “Acquisition of Falcon”).

KEY ASSUMPTIONS AND LIMITATIONS

Macquarie has prepared this letter following the review of the financial and other information referred to above only. The letter is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Target as reflected in the information and documents reviewed by us (as referred to above) and as represented to us in our discussions with the team of Grammer. In our analysis numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters of significance to our letter, many of which are beyond the control of any party involved.

Macquarie has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information which has been obtained from public sources or received from Grammer, and its consultants, advisers or otherwise pursuant to our Engagement, including the information referred to above (the “**Information**”). Macquarie has not and does not assume any responsibility or liability for the accuracy or completeness of the Information and the letter is conditional upon the completeness, accuracy and fairness of the Information and on the assumption (which Macquarie has not independently verified) that there is no additional information or other matter that has not been disclosed to Macquarie by Grammer, or which is in the public domain in respect of Grammer, that could reasonably be considered to have a material effect on, or be relevant to, the letter. Subject to the exercise of our professional judgement, and except as expressly described herein, Macquarie has not attempted to verify independently the accuracy or completeness of any such information.

Further, our letter is necessarily based on economic, monetary, market, political, regulatory, current operational, and other conditions as in effect on, and on the information made available to us as of, the date hereof. Although we reserve the right to change or withdraw the views set out in this letter if we learn that any of the information upon which we relied in preparing the letter was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the letter for any reason after the date hereof. We note that our view was formed in times in which economic, financial and capital markets conditions are considered volatile subject to changing external conditions such as, *inter alia*, geopolitical developments. Subsequent developments (including but not limited to developments in financial and economic conditions and in securities and resources markets, in the industry in which the Target operates, geopolitical developments, but also developments arising from potential regulatory action in connection with the Transaction) may significantly affect the letter.

Macquarie is not a legal, tax, accounting, regulatory or actuarial adviser. Macquarie has neither performed an audit as defined by German law, nor undertaken any kind of due diligence on or in connection with the Information. We do not express any opinion as to any tax or other consequences that might result from the Transaction or any related transactions, nor do we express any opinion as to any legal, tax, regulatory, accounting, geological or environmental matters, as to which we understand that Grammer obtained such advice as it deemed necessary from qualified professionals. The letter does not assess any of the following points (i) the payment terms and other conditions of the Offer Price, (ii) any legal or fiscal assessment of the structure of the Transaction, (iii) any possible effects on any shareholders if the offer is accepted or rejected, or (iv) the future value of the Grammer shares. Our letter addresses only the fairness of the Offer Price to Grammer's shareholders, from a financial point of view and is provided to the management board and supervisory board of Grammer without regard to individual circumstances of specific shareholders of Grammer. We express no view or opinion as to any other terms or aspects or implications of the Transaction or any related transaction, including, without limitation, the form or structure of the Transaction or any related transactions, adjustments, any outstanding litigation or retained assets or liabilities or any other agreements or arrangements entered into in connection with, or otherwise contemplated by, the Transaction or any related transaction.

CONCLUSION

Based upon our analysis and subject to all of the foregoing, having taken into account the assessment of Grammer's transaction team and advisers, we are of the view that, as of the date hereof, the Offer Price is fair to Grammer's shareholders from a financial point of view.

Yours faithfully
Macquarie Capital (Europe) Limited
Niederlassung Deutschland

Dr. Rainer Langel
Senior Managing Director
Macquarie Capital

Kerri Schulze-Bubert
Managing Director
Macquarie Capital