

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)



**Supplementary joint reasoned statement
of the Executive Board and the Supervisory Board**

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

pursuant to Section 27 para. 1 WpÜG

**regarding the amendment
to the voluntary public takeover offer**
dated 25 June 2018

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

to
the shareholders of GRAMMER Aktiengesellschaft

published on 18 July 2018
GRAMMER Shares: ISIN DE0005895403
GRAMMER Shares Tendered for Sale: ISIN DE000A2LQW1

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I. **GENERAL INFORMATION ON THIS SUPPLEMENTARY 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**").

On 6 July 2018, the Executive Board of GRAMMER (the "**Executive Board**") and the Supervisory Board of GRAMMER (the "**Supervisory Board**") published a joint reasoned statement in accordance with Section 27 para. 3 in conjunction with Section 14 para. 3 sentence 1 WpÜG (the "**Statement**") on the internet at the website of GRAMMER at www.grammer.com under the heading *Investor Relations*. Copies of the Statement are 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, were published through a notice in the Federal Gazette (*Bundesanzeiger*).

On 18 July 2018, the Bidder published an amendment to the Offer ("**Amendment to the Offer**") in the German language in accordance with Sections 34, 21 para. 1 sentence 1 no. 3, para. 2, Section 14 para. 3 sentence 1 WpÜG and an English translation (i) on the website <http://www.allianceforthefuture.com> and (ii) by way of keeping available copies of the Amendment to the Offer free of charge through COMMERZBANK Aktiengesellschaft, CC-CF ECM Technical Execution, Mainzer Landstraße 151, 60327 Frankfurt am Main, Germany (requests per fax at +49 (69) 136 23449 stating the full postal address). The notification announcement about (i) the internet address at which the Amendment to the Offer is published and (ii) keeping available copies of the Amendment to the Offer free of charge in Germany through COMMERZBANK Aktiengesellschaft, CC-CF ECM Technical Execution, Mainzer Landstraße 151, 60327 Frankfurt am Main, Germany, was published in the Federal Gazette (*Bundesanzeiger*) on 18 July 2018.

The Amendment to the Offer was provided to the Executive Board of GRAMMER on 18 July 2018. On the same day, the Executive Board forwarded the Amendment to the Offer to the Supervisory Board and to the works council of GRAMMER.

In the view of the Executive Board and the Supervisory Board, the Amendment to the Offer does not give any reason to depart from the recommendation contained in the Statement.

1. **LEGAL BASIS FOR THE SUPPLEMENTARY STATEMENT**

Pursuant to Section 27 para. 1 sentence 1 WpÜG, the Executive Board and the Supervisory Board of a target company are each obliged to issue a reasoned statement on a takeover offer and any amendment thereto. The Executive Board and the Supervisory Board of GRAMMER have decided to jointly issue their statement to the Amendment to the Offer (the "**Supplementary Statement**"). The Executive Board discussed this Supplementary Statement and approved it by a unanimous resolution. The Supervisory Board also discussed this Supplementary Statement and approved it unanimously.

2. **FACTUAL BASIS FOR THE SUPPLEMENTARY STATEMENT**

The Amendment to the Offer relates to the lowering of the Minimum Acceptance Threshold for the Offer described in more detail under Section II of this Supplementary Statement.

This Supplementary Statement does not relate to the entire Offer but solely to the parts of the Offer that are affected by the Amendment to the Offer. Thus, the Supplementary Statement is to be read in conjunction with the Statement.

The indications made in the Statement with respect to the factual basis of the Statement and to the personal responsibility of the GRAMMER Shareholders also apply, *mutatis mutandis*, to this Supplementary Statement. Unless otherwise defined in this Supplementary Statement, defined terms shall have the same meaning as in the Statement.

3. **PUBLICATION OF THE SUPPLEMENTARY STATEMENT**

This Supplementary Statement 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 Supplementary Statement 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*).

II. **AMENDMENT TO THE OFFER**

The Offer and the contracts that come into existence as a result of accepting the Offer were subject to, among others, the Completion Condition of reaching a Minimum Acceptance Threshold of at least the sum of (i) 50 % of the total number of GRAMMER Shares issued at the end of the Acceptance Period and (ii) one GRAMMER Share, i.e. rounded in total at least 6.303.562 GRAMMER Shares, as set out in detail under Section 13.1.1 of the Offer Document.

The Bidder then decided to decrease the Minimum Acceptance Threshold from 50 % and one GRAMMER Share to 36 % and one GRAMMER Share and to amend the Offer accordingly.

Completion Condition under Section 13.1.1 of the Offer Document now reads as follows:

"13.1.1 Minimum Acceptance Threshold

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

- (i) *GRAMMER Shares for which the Offer has been accepted,*
- (ii) *GRAMMER Shares held directly by the Bidder or persons acting jointly with the Bidder within the meaning of Section 2 para. 5 WpÜG,*

- (iii) GRAMMER Shares 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) GRAMMER Shares 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) 36 % 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 4,538,565 GRAMMER Shares (**Minimum Acceptance Threshold**)."

Apart from that, the Offer and the Completion Conditions contained therein remain unchanged. In this context, the Bidder points out that until 17 July 2018, 24:00 hours (local time Frankfurt am Main) the Completion Condition set out in Section 13.1.2(b) of the Offer Document (Merger Clearance in Austria) has already been fulfilled.

By an announcement pursuant to Section 23 para. 1 sentence 1 no. 1 WpÜG dated 23 July 2018 the Bidder has given notice that until 20 July 2018, 18:00 hours (local time Frankfurt am Main) the Offer has been accepted for a total of 1,529,754 GRAMMER Shares. This corresponds to approximately 12,13 % of the existing share capital of GRAMMER. The total number of GRAMMER Shares for which the Offer has been accepted as of 20 July 2018, 18:00 hours (local time Frankfurt am Main) and the number of GRAMMER Shares which the Bidder holds directly hence amounts to 4,752,715 GRAMMER Shares. This corresponds, also in relation to the Minimum Acceptance Threshold according to Section 13.1.1 of the Offer Document, to approximately 37,70 % of the share capital of GRAMMER. The Completion Condition of Minimum Acceptance Threshold as set out under Section 13.1.1 of the Offer Document must be fulfilled upon expiry of the Acceptance Period.

III. EXTENSION OF THE ACCEPTANCE PERIOD

The Amendment to the Offer within the last two weeks before the expiry of the currently applicable Acceptance Period results in an automatic extension of the Acceptance Period stated in Section 5.1 of the Offer Document by two weeks in accordance with Section 21 para. 5 sentence 1 WpÜG, meaning that the Acceptance Period now ends on 6 August 2018, 24:00 hours (local time Frankfurt am Main).

Under Section 3 of the Amendment to the Offer, the Bidder indicates that the extended Acceptance Period for the Offer may be further extended under circumstances which are described in more detail in Section 5.2 of the Offer Document (Extension of the Acceptance Period). An additional amendment to the Offer by the Bidder during the extended Acceptance Period pursuant to Section 21 para. 5 WpÜG is, however, not allowed (Section 21 para. 6 WpÜG).

IV. ADDITIONAL ACCEPTANCE PERIOD

According to Section 5 of the Amendment to the Offer, the Additional Acceptance Period is expected to begin on 10 August 2018 and end on 23 August 2018, 24:00 hours (local time Frankfurt am Main).

The Executive Board and the Supervisory Board point out that the Additional Acceptance Period is a period stipulated by law. It will only commence if the Minimum Acceptance Threshold of 36 % and one GRAMMER Share has been reached by the end of the extended

Acceptance Period, i.e. by 6 August 2018, 24:00 hours (local time Frankfurt am Main). If the Minimum Acceptance Threshold has not been reached by 6 August 2018, there will be no Additional Acceptance Period. This will mean that the Offer has not been successful and the GRAMMER Shares will be re-booked. GRAMMER Shareholders who wish to accept the Offer and profit from the Offer Price should thus accept the Offer by 6 August 2018 at the latest.

V. RIGHT OF WITHDRAWAL

The Executive Board and the Supervisory Board of GRAMMER point out that GRAMMER Shareholders that have already accepted the Offer before publication of the Amendment to the Offer are entitled to withdraw from the contracts coming into existence by virtue of their acceptance of the Offer at any time before the expiry of the (extended) Acceptance Period (Section 21 para. 4 WpÜG). With regard to the details of exercising the right of withdrawal, reference is made to indications made in Section 16 of the Offer Document.

GRAMMER Shareholders who have already validly accepted the Offer and still intend to accept the Offer do not need to exercise their right of withdrawal and are not required to perform any other actions to obtain the Offer Price under the terms and conditions of the Offer.

VI. POSSIBLE IMPACT OF NON-ACCEPTANCE OF THE OFFER

In light of the Amendment to the Offer, the Executive Board and the Supervisory Board of GRAMMER modify their statements made under Section VI.2, 2nd and 5th bullet of the Statement to the effect that GRAMMER Shareholders who do not accept the Offer should note the following:

- 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 36 % plus one share is not achieved and the Offer will therefore not become valid (see Section III.7.6 of the Statement). If the Offer does not become valid, this could have a significant negative impact on the stock exchange price of the GRAMMER Shares.
- After successful completion of the Offer GRAMMER might be subject to a 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.

VII. CONSIDERATIONS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD REGARDING THE AMENDMENT TO THE OFFER

The Executive Board and the Supervisory Board of GRAMMER hold the view that also following the Amendment to the Offer, the Offer remains to be in the interest of GRAMMER and the GRAMMER Shareholders for the reasons stated in the Statement.

VIII. RECOMMENDATION

The Amendment to the Offer has no effect on the Business Combination Agreement concluded with the BCA Parties. All provisions of the Business Combination Agreement continue to apply without changes. In the opinion of Executive Board and the Supervisory Board, the Amendment to the Offer does not contain any statements that would give reason to depart from the assessments made in the Statement. Based on the overall circumstances, the Executive Board and the Supervisory Board thus continue to support the

amended Offer, and hence continue to recommend that the 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, 24 July 2018

Supervisory Board

Executive Board