



ROY Ceramics SE

Munich

ISIN DE000RYSE888 / WKN RYSE88

Invitation to the Annual General Meeting 2017

We hereby invite our shareholders to the 2017 Annual General Meeting of ROY Ceramics SE, which shall take place on 2 October 2017, at 11.00h, at SKYPER Villa, Taunusanlage 1, 60329 Frankfurt, Germany.

Agenda

- 1. Presentation of the adopted unconsolidated financial statements and the approved consolidated financial statements for the financial year ended 31 December 2016, the combined management report of ROY Ceramics SE and the group for the financial year 2016, the explanatory report of the Administrative Board on the information pursuant to Sections 289a(1), 315a(1) of the German Commercial Code (*Handelsgesetzbuch – HGB*) as well as the report of the Administrative Board for the financial year 2016**

No resolution has to be passed under this agenda item since the Administrative Board already approved the unconsolidated annual financial statements and the consolidated annual financial statements and hence the unconsolidated annual financial statements have been adopted. With regard to the other documents mentioned in this agenda item, the law generally provides that shareholders shall only be informed by being given access to those documents with no resolution passed by the Annual General Meeting.

- 2. Resolution on the formal approval of the actions of the Members of the Administrative Board for the financial year 2016**

The Administrative Board proposes that the actions of the Members of the Administrative Board in the financial year 2016 shall be formally approved.

- 3. Resolution on the formal approval of the actions of the Managing Directors for the financial year 2016**

The Administrative Board proposes that the actions of the Managing Directors in the financial year 2016 shall be formally approved.

4. Resolution on the election of the auditor for the unconsolidated financial statements and the consolidated financial statements for the financial year 2017

The Administrative Board proposes to appoint ECOVIS Wirtschaftstreuhand GmbH, Munich, as the auditor for the unconsolidated financial statements and the consolidated financial statements for the financial year 2017.

5. Resolution on the amendment of the Articles of Association with respect to the object of the Company

According to Section 2(1) of the Articles of Association, the object of the Company is the acquisition, administration and sale of interests in companies in the Company's own name, for its own account and not for third parties, especially in the field of the production of ceramics and the production and distribution of sanitation facilities and other ceramic products as well as the strategic management, guidance and coordination of these companies. The object of the Company is to be expanded in order to allow the Company activities in the field of real estate industry.

The Administrative Board proposes to pass the following resolution:

Section 2(1) of the Articles of Association shall be amended and revised as follows:

“The object of the Company is the acquisition, administration and sale of interests in companies in the Company's own name, for its own account and not for third parties, especially (i) in the field the production of ceramics and the production and distribution of sanitation facilities and other ceramic products and (ii) in the field of real estate industry, both nationally and internationally, including the acquisition, holding and administration as well as the sale and construction of real estate of all types.”

6. Resolution on the amendment of the Articles of Association with respect to the number of Members of the Administrative Board

Section 9(1) of the Articles of Association provides that the Administrative Board consists of four members. The number of Members of the Administrative Board shall be increased to eight members.

The Administrative Board proposes to pass the following resolution:

Section 9(1) of the Articles of Association shall be amended and revised as follows:

“The Administrative Board consists of eight members who are elected by the General Meeting.”

7. Resolution on the election of the Members of the Administrative Board

Pursuant to Section 9(1) of the Articles of Association, the Administrative Board currently consists of four members who are all elected by the General Meeting. By letter of 9 March 2017, Mr. Chi Tien Steve Leung declared to the Chairman of the Administrative Board that he resigns from the office as Member of the Administrative Board with immediate effect. The resignation Mr. Leung makes the election of a new Member of the Administrative Board necessary. Upon registration with the commercial register of the amendment to the Articles of Association proposed under agenda item 6 above, the Administrative Board will consist of eight members who are all elected by the General Meeting. Therefore, a further four new Members of the Administrative Board have to be elected.

The General Meeting is not bound by any candidate proposals in electing the Members of the Administrative Board.

The Administrative Board proposes to elect

- a) Mr. Christian Alexander Peter, occupation: head of operational business/ authorised representative of Genius Entwicklungsgesellschaft mbH, place of residence: Berlin,
- b) Mr. Matthias Herrmann, occupation: Managing Director of ROY Ceramics SE, place of residence: Hamburg,
- c) Ms. Jiao Wen, occupation: Managing Director of ROY Ceramics SE, place of residence: Houston, USA,
- d) Mr. Siwen Mao, occupation: portfolio manager at DRW Holdings, place of residence: Singapore, and
- e) Ms. Sujida Lelalertsuphakun Lee, occupation: Managing Director of Hi Scene Industrial Limited, place of residence: Hong Kong,

as Members of the Administrative Board – for the person under a) with effect as of the end of this Annual General Meeting and for the persons under b) to e) with effect from the registration of the amendment of Section 9(1) of the Articles of Association resolved under agenda item 6 above with the commercial register – and in each case for a term until the end of the General Meeting adopting a resolution on the formal approval of actions of the Members of the Administrative Board for the financial year 2019.

None of the candidates is a member of supervisory boards in domestic companies which are required to be established under mandatory law or a member of comparable domestic and foreign supervisory bodies of commercial enterprises. In the Administrative Board's assessment, apart from the below, there exist no personal or professional relationships within the meaning of No. 5.4.1 of the German Corporate Governance Code between any of the candidates and ROY Ceramics SE, its group companies, the executive bodies of ROY Ceramics SE or any shareholders of ROY Ceramics SE with a material interest in the Company. The Administrative Board informs the shareholders in this regard that

Ms. Lee is the daughter of the Chairman of the Administrative Board, Mr. Siu Fung Siegfried Lee, and that Ms. Wen and Mr. Herrmann are Managing Director of ROY Ceramics SE.

In accordance with No. 5.4.3 of the German Corporate Governance Code the new Members of the Administrative Board shall be elected individually.

8. Resolution on the cancellation of the existing authorised capital, on the creation of a new authorised capital, on the authorisation to exclude subscription rights and on a respective amendment of the Articles of Association

Section 6 of the Articles of Association provides for an authorised capital which was created by resolution of the Annual General Meeting on 27 August 2015 under agenda item 7 (the “**Authorised Capital 2015**”). After partial utilisation in the first half of 2017, the Authorised Capital 2015 only amounts to EUR 1,556,000.00. In order to give the Administrative Board the possibility to increase the share capital in a more significant amount at short notice without any further resolution of the Annual General Meeting, the Authorised Capital 2015 shall be cancelled and a new authorised capital shall be created by amending the Articles of Association.

The Administrative Board proposes to pass the following resolution:

- a) The authorisation of the Administrative Board granted by the Annual General Meeting on 27 August 2015 to increase the share capital in the period of time ending 26 August 2020 (Authorised Capital 2015) is being cancelled – subject to the condition precedent (*aufschiebende Bedingung*) of the registration in the commercial register (*Handelsregister*) of the amendment of the Articles of Association proposed under letter b) – to the extent that it has not yet been utilised.
- b) Section 6 of the Articles of Association shall be amended and revised as follows:

“§ 6

Authorised Capital

1. The Administrative Board shall be authorised until 1 October 2022 to increase the share capital of the Company once or several times by up to EUR 9,054,500.00 by issuing up to 9,054,500 new bearer shares without par-value in the notional amount of EUR 1.00 per share against contribution in cash and/or in kind (Authorised Capital 2017).
2. Basically, the new shares shall be offered to the shareholders for subscription; the new shares can also be subscribed by a financial institution or a company operating pursuant to Section 53(1) sentence 1 or Section 53b(1) sentence 1 or sentence 7 German Banking Act (*Gesetz über das Kreditwesen*) under the obligation to offer the shares to the shareholders for subscription.

However, the Administrative Board is authorised to exclude the shareholders' subscription rights in the following events:

- (a) to avoid fractional amounts, if necessary;
 - (b) to acquire companies, parts thereof or interests in companies or other assets, including claims, against issuance of shares in appropriate cases;
 - (c) to the extent that in the event of a capital increase in cash the proportion of the share capital of the new shares for which subscription rights are excluded – either at the time of this authorisation taking effect or at the time of this authorisation being exercised – does not exceed ten percent of the share capital and the issue price is not significantly below the market price of the shares of the Company of the same class and features within the meaning of Section 203(1) and (2), Section 186(3) sentence 4 German Stock Corporation Act (*Aktiengesetz – AktG*); to this ten percent limit are to be credited (i) the proportion of the share capital relating to treasury shares which will be sold in direct or analogous application of Section 186(3) sentence 4 AktG after this authorisation has become effective and (ii) the proportion of the share capital relating to shares to which conversion and/or option rights or conversion obligations from bonds and other instruments mentioned in Section 221 AktG relate to, as far as there has been an exclusion of subscription rights pursuant to Section 186(3) sentence 4 AktG.
3. The Administrative Board decides on the issuance of the new shares, on the rights vested in the shares as well as on the further terms and conditions of the issuance.
 4. The Administrative Board is authorised to adapt the wording of the Articles of Association to reflect the amount of any capital increase from the authorised capital.”

The Administrative Board has submitted a written report pursuant to Section 203(2) sentence 2 and Section 186(4) sentence 2 German Stock Corporation Act (*Aktiengesetz – AktG*) regarding the reasons for the exclusion of the subscription rights. The content of the report will be disclosed appended to the agenda.

9. Resolution on the cancellation of the Stock Option Programme 2015 and the Conditional Capital 2015/I, on the creation of a Stock Option Programme 2017 and a contingent capital to cover the Stock Option Programme 2017 as well as on a respective amendment of the Articles of Association

The Annual General Meeting approved on 27 August 2015 under agenda item 8 a stock option programme that authorises the Administrative Board to issue up to 1,311,000 subscription rights on up to 1,311,000 bearer shares (the “**Stock Option Programme**

2015”). To cover the Stock Option Programme 2015, a conditional capital has been established in Section 6a of the Articles of Association (the “**Conditional Capital 2015/I**”). The Conditional Capital 2015/I amounts to EUR 1,311,000.00.

The Administrative Board did not make use of the authorisation to grant subscription rights from the Stock Option Programme 2015 yet. Therefore, it is intended to cancel the authorisation from the Stock Option Programme 2015 and the Conditional Capital 2015/I in Section 6a of the Articles of Association. Furthermore, it is intended to decide on a new stock option programme of the Company and a new conditional capital to cover the new stock option programme.

The Administrative Board proposes that the following be resolved:

a) **Cancellation of the Stock Option Programme 2015**

The authorisation of the Administrative Board given by the Annual General Meeting on 27 August 2015 under agenda item 8 to issue up to 1,311,000 subscription rights for up to 1,311,000 bearer shares until 26 August 2020 (Stock Option Programme 2015) is cancelled.

b) **Authorisation to grant subscription rights for new shares (Stock Option Programme 2017)**

The Annual General Meeting authorises the Administrative Board in the period ending 1 October 2022 to issue up to 1,810,900 subscription rights for up to 1,810,900 bearer shares in the Company without par-value in the notional amount of EUR 1.00 per share (the “**Stock Option Programme 2017**”) pursuant to the following provisions.

The general terms for the issuance of subscription rights are as follows:

(1) Groups of beneficiaries/distribution of subscription rights

Subscription rights may only be issued to the Managing Directors of the Company, to members of the management of affiliated companies and employees of the Company and of affiliated companies. The precise group of eligible persons as well as the number of subscription rights to be offered shall be determined by the Administrative Board. The entire volume of subscription rights shall be distributed among the groups of beneficiaries as follows:

- aa) Managing Directors of the Company may receive a maximum of 655,500 subscription rights;
- bb) members of the management of affiliated companies may receive a maximum of 393,300 subscription rights;
- cc) employees of the Company and of affiliated companies may receive a maximum of 762,100 subscription rights.

The beneficiaries shall, in any case, only receive subscription rights as members of one group of beneficiaries; multiple issues shall not be permissible. At the time of the granting of the subscription rights, the beneficiaries have to be in an employment or service relationship with the Company or with one of its affiliated companies.

(2) *Granting of the subscription rights (acquisition period), issue date and content of the subscription rights*

Subscription rights shall be granted by the Administrative Board on the first Monday in November of the year 2017 and on the first Monday in November of the years 2018, 2019, 2020 and 2021. In the event that the amendment of the Articles of Association to be resolved under lit. c) is not registered with the commercial register (*Handelsregister*) before 6 November 2017, subscription rights shall be granted for the first time on the first bank working day of the calendar month following the registration.

Each subscription right authorises its holder to subscribe for one bearer share in the Company without par-value in the notional amount of EUR 1.00 per share against payment of the exercise price determined in subparagraph (3) and has a term of seven years.

The terms of subscription may provide that the Company can optionally grant treasury shares to the beneficiaries to fulfil the subscription rights in place of new shares from the contingent capital. The acquisition of treasury shares for the alternative fulfilment of the subscription rights has to be in compliance with statutory requirements; this resolution does not constitute an authorisation for the acquisition of shares in the Company.

(3) *Exercise price (issue price) and performance target as well as the additional exercise conditions*

The exercise price (issue price) of a subscription right amounts to EUR 1.00; Section 9(1) German Stock Corporation Act (*Aktiengesetz – AktG*) shall remain unaffected.

The condition for the exercise of the subscription rights is in each case to achieve the annual performance target within the four years' waiting period determined according to subparagraph (4) below.

The performance target for the beneficiaries is set as follows:

The performance target for the exercise of subscription rights is met, if the closing price of the Company's share in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) exceeds a specified amount on at least 60 trading

days in the period of twelve months after the granting of the respective subscription rights, as set forth below

- in the period of 1 December 2017 until 30 November 2018 an amount of EUR 1.00;
- in the period of 1 December 2018 until 30 November 2019 an amount of EUR 1.30;
- in the period of 1 December 2019 until 30 November 2020 an amount of EUR 1.69;
- in the period of 1 December 2020 until 30 November 2021 an amount of EUR 2.20;
- in the period of 1 December 2021 until 30 November 2022 an amount of EUR 2.86;
- in the period of 1 December 2022 until 30 November 2023 an amount of EUR 3.71;
- in the period of 1 December 2023 until 30 November 2024 an amount of EUR 4.83;
- in the period of 1 December 2024 until 30 November 2025 an amount of EUR 6.27;
- in the period of 1 December 2025 until 30 November 2026 an amount of EUR 8.15.

If the performance target is not achieved in the twelve months after the respective subscription rights were granted, it can be compensated by achieving the performance target for the subsequent twelve months period. Subscription rights, for which the performance target is neither achieved in the first twelve months after granting nor compensated in the following twelve months, will expire.

In case of merging of shares or a stock split, the performance targets have to be adapted by the Administrative Board relating to the merging or the stock split.

(4) Waiting period for the first-time exercise, exercise periods and blocking periods

The waiting period for the first-time exercise is four years from the date of granting subscription rights.

After the expiry of the waiting period, all subscription rights in respect of which the performance target set forth under subparagraph (3) above has been achieved may be exercised during a three-year-period starting with the expiry of the waiting

period. However, the subscription rights may only be exercised in exercise periods during the three weeks after the publication of (i) the financial report for the second quarter of the financial year and (ii) the financial report for the third quarter of the financial year.

The Administrative Board may, in legitimate exceptional cases, determine blocking periods. The beneficiaries will be informed about the beginning of any blocking periods in due time.

(5) *No transferability and expiration of subscription rights*

The subscription rights are granted as non-transferable subscription rights. With the exception of inheritance, the subscription rights are neither transferable nor alienable, pledgeable or otherwise chargeable. All unexercised subscription rights expire without compensation after seven years but not before the end of the second exercise period within the last year of the term. If the employment ends as a result of death, reduced earning capacity, pensioning, termination or otherwise not related to termination, special regulations for the expiration of subscription rights can be provided for in the subscription conditions.

(6) *Determination of further details*

The Administrative Board is authorised to determine the further details of the issuance of shares from the contingent capital and the further conditions of the Stock Option Programme 2017, especially the subscription conditions for the beneficiaries. The further details include, in particular, provisions on the distribution of subscription rights within the beneficiary groups, provisions on taxes and costs, the procedure for the allotment to individual beneficiaries and the exercise of subscription rights, rules regarding the expiration of subscription rights in the event of termination of the employment or service contract and provisions which provide a possibility of limitation of earnings from the exercise of subscription rights in case of extraordinary developments as well as additional procedural regulations.

c) **Creation of a conditional capital to cover the Stock Option Programme 2017**

Section 6a of the Articles of Association shall be amended and revised as follows:

**“§6a
Conditional Capital 2017**

The Company’s share capital is conditionally increased by up to EUR 1,810,900.00 by issuing up to 1,810,900 new bearer shares in the Company without par-value in the notional amount of EUR 1.00 per share (Conditional Capital 2017). The conditional capital increase is implemented only to the extent that subscription rights were issued under the Stock Option Programme 2017 as resolved by the Annual General Meeting of the Company on 2 October 2017 under agenda item 9. Furthermore, that the holders of such

rights exercise their subscription rights and that the Company does not grant any treasury shares to fulfil the subscription rights. The new shares carry full dividend rights from the beginning of the financial year in which they are created through the exercise of the subscription rights.”

* * *

Administrative Board report to the Annual General Meeting on agenda item 7 pursuant to Section 186(4) sentence 2, Section 203(2) sentence 2 German Stock Corporation Act (*Aktiengesetz – AktG*)

The Administrative Board proposes under agenda item 8 to authorise it to increase the Company’s share capital until 1 October 2022 once or several times by up to EUR 9,054,500.00 by issuing up to 9,054,500 new bearer shares without par-value in the notional amount of EUR 1.00 per share against contribution in cash or in kind (Authorised Capital 2017).

With the requested authorisation the Administrative Board will have a flexible instrument to organise its capital structure. The purpose of the proposed authorised capital is to enable the Administrative Board to continue to raise on the capital markets at short notice the capital required for developing the Company by issuing new shares against contribution in cash or to take quick advantage of any more favourable market conditions for covering future financing requirements. In addition, the proposed authorisation would enable the Administrative Board to readily exploit opportunities for acquisitions by issuing shares against contributions in kind.

The requested authorisation provides for an authorisation of the Administrative Board to exclude the shareholders’ subscription rights. The Administrative Board hereby submits its written report regarding the reasons of the exclusion of the subscription rights.

The Administrative Board is to be authorised to exclude the shareholders’ subscription rights for any fractional amounts. Such an authorisation to exclude subscription rights opens up the possibility of fixing simple and practicable subscription ratios in the capital increase. Fractional amounts arise when it is not possible to distribute all new shares evenly to shareholders, according to their share in the previous share capital, on account of the subscription ratio or the amount of the equity issue. The number of shares accounting for fractional amounts is insignificant compared to the total number of shares issued in the capital increase. Accordingly, the disadvantages for the shareholders as a result of the exclusion of subscription rights for fractional amounts are negligible in the light of the procedural advantages for the Company. Therefore, a possible dilutive effect with respect to the avoidance of fractional amounts is very small.

The Administrative Board shall be entitled to acquire companies, parts thereof or interests in companies or other assets (including claims) from third parties against the issuance of new shares. The possibility of issuing shares considerably increases the room for

manoeuvre of the Administrative Board in competition, since, particularly in many cases of mergers or the acquisition of companies or parts of companies, sellers seek a consideration in the form of the purchaser's shares. Particularly with large corporate units, the considerations can frequently not be met with cash without putting undue strain on the company's liquidity. To pursue this growth strategy with respect to such transactions in the future, which is in the Company's interest, it is necessary to be able to use an authorised capital with the possibility of an exclusion of subscription rights. If any new shares are issued as consideration for the acquisition of companies, parts thereof or interests in companies or other assets (including claims), this is only possible if the current shareholders' subscription rights are excluded. Since such acquisitions must be made on short notice in most cases, they cannot be resolved by the Annual General Meeting which is convened only once a year; not to mention that, in general, there is no time to convene an Extraordinary General Meeting in such situations owing to statutory deadlines. The Administrative Board shall therefore to be authorised to exclude the subscription rights in these cases to create new shares quickly and without large effort for this purpose. The requested authorisation is only a precautionary measure. There are currently no concrete plans to make use of this authorisation.

Finally, Section 203(1) and (2) and Section 186(3) sentence 4 German Stock Corporation Act (*Aktiengesetz – AktG*) permit the exclusion of subscription rights if both at the time the authorisation enters into effect and at the time the authorisation is exercised the new shares for which the subscription rights are to be excluded do not account for more than ten percent of the Company's share capital and the issue price of the new shares is not materially less than the price at which the Company's shares are trading on the stock market. This puts the Administrative Board in a position to use favourable stock exchange conditions on short notice to strengthen the Company's equity to a maximum extent. Due to an increased flexibility, an exclusion of subscription rights, based on past experience, will result in higher issue proceeds than a capital increase in which subscription rights are granted. In addition, such a placement with an exclusion of subscription rights may serve to attract new groups of investors. Due to the limitation to ten percent, the dilutive effect for shareholder whose subscription rights have been excluded can be kept to a minimum. Due to the limitation of the capital increase, the shareholders have the opportunity of maintaining the percentage of their shareholdings by purchasing the necessary shares on the stock exchange under essentially the same terms and conditions. The interests of the existing shareholders are given due consideration in that the sale price may not significantly undercut the stock exchange price of shares already listed and carrying the same rights. In addition, the Administrative Board will determine the issue price of the new shares solely in the light of the interests of the Company and its shareholders. To this ten percent limit are to be credited (i) the proportion of the share capital relating to treasury shares which during the term of this authorisation will be sold in direct or analogous application of Section 186(3) sentence 4 AktG, and (ii) the proportion of the share capital relating to shares to which conversion and/or option rights or conversion obligations from bonds and other instruments mentioned in Section 221 AktG relate to, as far as there has been an exclusion of subscription rights pursuant to

Section 186(3) sentence 4 AktG. The content of this rule will ensure that the legislator's assessment of Section 186(3) sentence 4 AktG is even considered, if measures have been taken which economically correspond to a cash capital increase by utilisation of an authorised capital.

The Administrative Board will carefully examine in each specific case whether it should make use of the authorisation. It will only do so, if, according to its consideration, it is in the best interest of the Company and therefore its shareholders and if it is reasonable. Should the authorisation to exclude subscription rights be exercised, the Administrative Board will inform the next Annual General Meeting about the main reasons of the exclusion of subscription rights.

* * *

Further convocation information

Total number of shares and voting rights

The share capital of the Company at the time of the convocation of this general meeting is divided into 18,109,000 bearer shares without par-value in the notional amount of EUR 1.00 per share. Each of these shares casts one vote in the Annual General Meeting. At the time of the convocation of this Annual General Meeting, therefore, 18,109,000 voting rights exist. The Company holds no treasury shares at the time of the convocation.

Requirements for participation at the Annual General Meeting and the exercise of voting rights

Shareholders are entitled to participate in the Annual General Meeting and to exercise their voting rights if they have registered with the Company and provided evidence of their shareholding in due time. The registration and the evidence of the shareholding must be received by the Company at least six days prior to the Annual General Meeting, meaning by 25 September 2017 (midnight 24.00h), either in German or in English at the following address:

ROY Ceramics SE
c/o Link Market Services GmbH
Landshuter Allee 10
80637 München
Germany
Fax: 0049 (0)89/ 21 027 289
E-Mail: inhaberaktien@linkmarketservices.de.

The evidence of shareholding must be provided in text form (Section 126b German Civil Code (*Bürgerliches Gesetzbuch – BGB*)) and must relate to the beginning of the twenty-first day before the Annual General Meeting, i.e. 11 September 2017 (midnight 0.00h) (“**Record Date**”). A confirmation issued by the custodian institu-

tion in the English or German language is deemed sufficient evidence of shareholding.

Relevance of the Record Date

The right to participate and the number of voting rights is being determined only based on the holdings of the shareholder on the Record Date. Shareholders who do not acquire their shares on or before the Record Date may not participate in the Annual General Meeting. The occurrence of the Record Date does not result in a restriction to sell or transfer shares in the Company. Shareholders who hold shares on the Record Date and sell their shares after the Record Date, but before the Annual General Meeting are, in relation to the Company, nevertheless entitled to participate in the Annual General Meeting and to exercise their right to vote, provided that they have registered and submitted evidence of their shareholding in time. Shareholders who acquire shares in the Company after the Record Date may only participate in the Annual General meeting and exercise voting rights if they have been granted power of attorney or been authorised to exercise shareholder rights.

Procedure for voting through a proxy

Shareholders may have their voting right exercised by a proxy, for example a credit institution or a shareholders' association. If a shareholder has more than one proxy, the Company may reject one or more of these. The issuance of a proxy, its revocation and the proof of authorisation towards the Company require text form (Section 126b German Civil Code (*Bürgerliches Gesetzbuch – BGB*)). If a credit institution, an equivalent institution or company according to Section 135(10) German Stock Corporation Act (*Aktiengesetz – AktG*) in conjunction with Section 125(5) AktG, a shareholders' association or a person within the meaning of Section 135(8) AktG is authorised, deviating regulations, that need to be enquired about, may exist.

As a service, we offer our shareholders to authorise a proxy appointed by the Company to exercise their voting rights at the Annual General Meeting. The proxy appointed by the Company must be authorised and instructed in text form (Section 126b BGB), and has the right to grant sub-authorisation. He/She is obligated to exercise the voting rights exclusively in accordance with the instructions provided by the shareholder. To the extent no express or a contradictory or unclear instruction is issued, the proxy appointed by the Company will abstain from voting for the respective agenda item. Please note that the proxies designated by the Company do not accept authorisations for the lodging of objections against resolutions by the Annual General Meeting, for the exercise of the rights to speak or ask questions or submit motions.

A form for issuing proxies will be sent to the shareholders together with the entrance card. The authorisation and instruction form for the proxy appointed by the Company is available on the Company's website at

<http://www.roykeramik.de/en/investor-relations/annual-general-meeting.html>

The issuance of a proxy, its revocation and the proof of authorisation towards the Company as well as the instructions and any amendment of the instructions for the proxy appointed by the Company may be sent to the Company at the following address:

ROY Ceramics SE
c/o Link Market Services GmbH
Landshuter Allee 10
80637 München
Germany
Fax: 0049 (0)89/ 21 027 289
E-Mail: inhaberaktien@linkmarketservices.de.

Unless received during the Annual General Meeting, authorisation and instructions to the proxy appointed by the Company to exercise voting rights must be received by the Company no later than 29 September 2017 (16.00h).

Also in the event a proxy is appointed, timely registration and evidence of shareholding in proper form must be received in compliance with the above provisions. This does not exclude – subject to the said restricted possibility to grant a proxy to the proxy appointed by the Company – the appointment of a proxy after registration.

Shareholder rights in accordance with Article 56 sentence 2 and sentence 3 of the SE Regulation (*SE-Verordnung – SE-VO*), Section 50(2) SE Implementation Act (*SE-Ausführungsgesetz – SEAG*), Sections 122(2), 126(1), 127 and 131(1) German Stock Corporation Act (*Aktiengesetz – AktG*)

Supplements to the agenda by a minority pursuant to Article 56 sentence 2 and sentence 3 of the SE Regulation (*SE-Verordnung – SE-VO*), Section 50(2) SE Implementation Act (*SE-Ausführungsgesetz – SEAG*), Section 122(2) German Stock Corporation Act (*Aktiengesetz – AktG*)

Shareholders whose total shareholding is equivalent to the twentieth part of the share capital or exceeds a pro rata amount of EUR 500,000.00 to the share capital (i.e. equal to 500,000 shares), may, pursuant to Article 56 sentence 2 and sentence 3 of the SE Regulation (*SE-Verordnung – SE-VO*), Section 50(2) SE Implementation Act (*SE-Ausführungsgesetz – SEAG*) (its content correlates with Section 122(2) sentence 1 German Stock Corporation Act (*Aktiengesetz – AktG*)), demand that matters are placed on the agenda and published. Each new matter must be justified or include a draft resolution.

A three-month pre-ownership period of the aforementioned minimum ownership of shares in the meaning of Section 122(2) sentence 1 AktG in conjunction with Section 122(1) sentence 3 AktG is not a prerequisite for a request to amend the agenda for an Annual General Meeting of an SE pursuant to Section 50(2) SEAG

Requests for supplements shall be addressed to the Administrative Board in writing and must be received by the Company at least 30 days prior to the Annual General Meeting, not counting the date of receipt and the date of the Annual General Meeting. Thus, the last admissible date of receipt is 1 September 2017 (midnight 24.00h). Any requests for supplements that are received later will not be taken into consideration.

Please send any requests for supplements to the following address:

ROY Ceramics SE
Administrative Board
Gießener Straße 42
35410 Hungen
Germany.

Countermotions and election proposals by shareholders pursuant to Sections 126(1) and 127 German Stock Corporation Act (*Aktiengesetz – AktG*)

Shareholders may propose countermotions to the proposals of the Administrative Board to a specific item of the agenda, and make proposals for the election of Members of the Administrative Board and of auditors.

Countermotions and election proposals that have to be made accessible and are received by the Company at least 14 days before the Annual General Meeting, whereby the day of receipt and the day of the Annual General Meeting will not be counted, i.e. at the latest by 17 September 2017 (midnight 24.00h), will be made accessible to the other shareholders, including the name of the shareholder and the justification, on the internet at

<http://www.roykeramik.de/en/investor-relations/annual-general-meeting.html>

without undue delay. Any statements by the Administrative Board will also be published there.

Countermotions, in contrast to election proposals, will only be made accessible if they include a justification.

Possible countermotions and election proposals are to be submitted exclusively to the following address:

ROY Ceramics SE
c/o Link Market Services GmbH
Landshuter Allee 10
80637 München
Germany
Fax: 0049 (0)89/ 21 027 289
E-Mail: antraege@linkmarketservices.de.

Counter motions and election proposals sent elsewhere will not be considered.

Information right of the shareholder pursuant to Section 131(1) German Stock Corporation Act (*Aktiengesetz – AktG*)

Pursuant to Section 131(1) German Stock Corporation Act (*Aktiengesetz – AktG*), each shareholder is entitled to request information from the Administrative Board during the Annual General Meeting concerning the Company's affairs to the extent it is required for the proper evaluation of an item of the agenda. The information obligation also reaches to legal and commercial relationships of the Company to affiliated companies and to the general situation of the group and the companies included in the consolidated annual financial statements. Requests for information in the Annual General Meeting are on principle to be placed verbally within the context of discussion.

Further explanations of the shareholder rights pursuant to Article 56 sentence 2 and sentence 3 of the SE Regulation (*SE-Verordnung – SE-VO*), Section 50(2) SE Implementation Act (*SE-Ausführungsgesetz – SEAG*), Sections 122(2), 126(1), 127 and 131(1) AktG are available on the Company's website at

<http://www.roykeramik.de/en/investor-relations/annual-general-meeting.html>

Documentation for the Annual General Meeting and information pursuant to Section 124a German Stock Corporation Act (*Aktiengesetz – AktG*)

The documentation to be made accessible to the general meeting and further information pursuant to Section 124a German Stock Corporation Act (*Aktiengesetz – AktG*) will be published on the Company's website at

<http://www.roykeramik.de/en/investor-relations/annual-general-meeting.html>

shortly after the convocation of the Annual General Meeting.

This documentation to be made accessible is also available for inspection by the shareholders on the Company premises of ROY Ceramics SE, Gießener Straße 42, 35410 Hungen, and at the Annual General Meeting itself. On request, each shareholder will be given free copies of said documentation without undue delay.

Hungen, August 2017

**ROY Ceramics SE
The Administrative Board**