

KraussMaffei Company Limited

Announcement and Repurchase Plan on the Implementation of Share Repurchase Instead of Dividend Commitment

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

Important content reminders:

- Methods and types of repurchase: KraussMaffei Company Limited. (Formerly Qingdao Huanghai Rubber Co., Ltd., hereinafter referred to as "the Company") plans to repurchase part of A-shares through centralized bidding system in Shanghai Stock Exchange.
- Purpose and amount of repurchase: the Company implements the commitment to replace dividend by share repurchase, and the amount of repurchase shares shall not be less than 10% of the net profit of Tianhua Chemical Machinery and Automation Research and Design Institute Co., Ltd. (hereinafter referred to as "Tianhua Institute") in the consolidated statements in 2020, that is, not less than RMB 6,038,500.
- Repurchase price: the price of the shares to be repurchased shall not exceed RMB 7.32 per share (inclusive), and the specific repurchase price shall be determined by the management of the Company authorized by the General Meeting of Shareholders during the implementation of the repurchase, taking into account the stock price of the Company's secondary market, the Company's financial situation and operating conditions.

- Repurchase period: it shall be implemented within 6 months after the approval of the General Meeting of Shareholders. If the use amount of repurchase funds reaches the limit within this period, the implementation of the repurchase scheme will be completed, and the repurchase period will expire earlier from that date.

- Source of repurchase funds: self-owned funds

- Whether the relevant shareholders have plans to reduce their shares: the Company's controlling shareholders, actual controllers and shareholders holding more than 5% of the shares will not have plans to reduce the Company's shares in the next six months or during the repurchase period. If the Company plans to implement the stock reduction plan in the future, it will timely perform the obligation of information disclosure according to relevant regulations.

- Relevant risk reminders:

(1) The company's stock price continues to exceed the price range disclosed in the repurchase plan, there is a risk that the repurchase plan cannot be implemented as planned; (2) If the funds required for repurchase of shares fails to be timely in place, there is a risk that the repurchase scheme cannot be implemented as planned; (3) due to major changes in the Company's production and operation, financial situation and external objective conditions, there is a risk that the repurchase plan may be changed or terminated according to the rules; (4) the Company will make the repurchase decision and implement it according to the market situation during the repurchase period. This share repurchase will not have a significant impact on the Company's operation, finance and future development, and will not affect the company's listing status. Please pay attention to the investment risk.

On October 28, 2013, China Securities Regulatory Commission issued the *Reply on Approving the Sale of Major Assets of Qingdao Huanghai Rubber Co., Ltd. and Issuing Shares to China Academy of Chemical Engineering Sciences to Purchase Assets* (ZJXK [2013] No. 1351), and approved the major asset restructuring of the Company. The restructuring plan includes: the Company sells all its assets and

liabilities to Zhongche Group or its designated third party, and issue shares to China Academy of Chemical Engineering Sciences to purchase 100% of the shares of Tianhua Institute it holds.

On September 10, 2013, Tianhua Institute issued the *Commitment to Replace Dividend by Share Repurchase*". In view of the huge uncovered losses of the Company after the restructuring, Tianhua Institute will repurchase shares in accordance with the *Implementation Rules for Share Repurchase of Listed Companies in Shanghai Stock Exchange*. The start time of share repurchase shall not be later than the issue date of the annual report of the Company in 2017, and the invested funds of share repurchase shall not be less than 10% of the net profit realized in the current year's consolidated statements; on October 8, 2013, China Academy of Chemical Engineering Sciences Co., Ltd. (formerly China Academy of Chemical Engineering Sciences, hereinafter referred to as "Academy of Chemical Engineering Sciences") issued *Commitment to Agree Qingdao Huanghai Rubber Co., Ltd. to Replace Dividends by Share Repurchase After the Completion of the Restructuring*.

In 2020, The net profit of Tianhua Institute in the consolidated statements was RMB 60,385,135.13, therefore, the Company will implement the above commitment to replace dividend by share repurchase, and the amount of shares to be repurchased shall not be less than 10% of the net profit of Tianhua Institute's consolidated statements in 2020, that is, not less than RMB 6,038,500. The specific amount of shares to be repurchased shall be subject to the actual amount of shares to be repurchased, and the shares to be repurchased shall be completed through the centralized bidding system of Shanghai Stock Exchange and cancelled within six months after the resolution is deliberated and approved by the general meeting of shareholders.

According to the relevant provisions of the *Company Laws*, *Securities Laws*, *Administrative Measures for Public Share Repurchase by listed companies (Trial)*, *Supplementary Provisions on Share Repurchase by Listed Companies Through Centralized Bidding* and *Detailed Rules for the Implementation of Share Repurchase by Listed Companies of Shanghai Stock Exchange*, the Company has formulated a plan for share repurchase, the specific contents of which are as follows:

1、 Review and implementation procedure of repurchase plan

(1) On March 31, 2021, the Company held the 16th meeting of the 7th Board of Directors, deliberated and passed the *Proposal on the Intended Implementation of the Commitment on Share Repurchase Instead of Dividends*.

(2) The share repurchase plan will be submitted to the general meeting of shareholders for deliberation.

The share repurchase plan needs to be submitted to the general meeting of shareholders of the Company for deliberation, and the notice of the general meeting of shareholders will be issued separately.

(3) The Company implements this repurchase in order to reduce the registered capital, the Company needs to obtain the consent of creditors in accordance with the relevant provisions of the *Company Laws*.

2、 Main contents of share repurchase

(1) The purpose of share repurchase: to fulfill the commitments related to major assets and cancel the shares immediately after the share repurchase.

(2) Type of shares to be repurchased: A shares.

(3) The way of share repurchase: centralized bidding trading.

(4) Repurchase period: it shall be implemented within 6 months after the approval of the General Meeting of Shareholders. If the use amount of repurchase funds reaches the limit within this period, the implementation of the repurchase scheme will be completed, and the repurchase period will expire earlier from that date..

(5) The repurchase price: the price of the shares to be repurchased shall not exceed RMB 7.32 per share (inclusive). The upper limit of the price of the shares to be repurchased shall be 150% of the average trading price of the Company's shares in the 30 trading days before the Board of Directors passed the repurchase resolution. specific repurchase price shall be determined by the management of the Company authorized by the General Meeting of Shareholders during the implementation of the repurchase, taking into account the stock price of the Company's secondary market, the Company's financial situation and operating conditions.

(6) The total amount of funds for this repurchase is RMB 6.0385 million, and the source of funds is self-owned funds.

The amount of shares repurchased this time shall not be less than 10% of the net profit realized in the consolidated statements of Tianhua Institute in 2020, that is, not less than RMB 6,038,500. The shares repurchased this time will be cancelled.

(7) Expected changes in the company's equity structure after repurchase

According to the maximum repurchase amount of RMB 6,038,500 and the repurchase price of RMB 7.32/share, the repurchase quantity is no less than 824,932 shares. It is estimated that the changes of the company's equity after the repurchase is as follows:

Class of shares	Before repurchase		Change (+ -)	After repurchase	
	Quantity (shares)	Proportion (%)	Number of changes (shares)	Quantity (shares)	proportion
Limited sale of shares	324,716,369	44.22%	0	324,716,369	44.27%
Unlimited sale of shares	409,521,624	55.78%	-824,932	408,696,692	55.73%
Total share capital	734,237,993	100%	-824,932	733,413,061	100%

The specific number of shares to be repurchased shall be subject to the number of shares actually repurchased at the expiration of the repurchase period.

(8) Analysis of the possible impact of the share repurchase on the Company's daily operation, finance, R & D, profitability, debt performance, future development and maintaining its listing status

This share repurchase has no impact on the Company's daily operation, finance, R & D, profitability, debt performance, future development and maintaining its listing status.

(9) Opinions of independent directors on the compliance, necessity, rationality and feasibility of the share repurchase scheme

1) The Company's share repurchase is in line with the *Company Laws, Securities Laws, Administrative Measures for Public Share Repurchase by listed companies (Trial), Supplementary Provisions on Share Repurchase by Listed Companies Through Centralized Bidding* and *Detailed Rules for the Implementation of Share Repurchase by Listed Companies of Shanghai Stock Exchange* and other regulations and normative documents;

2) The implementation of the Company's share repurchase is the Company's commitment to replace dividends by share repurchase, which is conducive to enhancing investor's confidence in the Company's future development prospects and enhancing their recognition of the Company's value;

3) The Company plans to use its own funds for repurchase this time, with the total amount of funds of RMB 6.0385 million, and the amount of shares to be repurchased is no less than 824,932 shares, which will not have a significant impact on the Company's daily operation, solvency and profitability, and will not cause the Company's equity distribution not to meet the listing conditions.

To sum up, we believe that the share repurchase scheme of the Company is legal and compliant, feasible and necessary, and in line with the interests of the Company and all shareholders. We agree to the share repurchase and submit the matter to the general meeting of shareholders for deliberation.

(10) Whether the directors, supervisors and senior managers of the listed company have bought or sold the shares of the Company within six months before the Board of Directors made the resolution to repurchase the shares, and whether they have conducted insider trading and market manipulation alone or jointly with others:

Through self-examination, the directors, supervisors, senior executives, controlling shareholders and actual controllers of the Company did not buy or sell the shares of the Company through the secondary market within six months before the Board of Directors made the resolution of share repurchase, there was no conflict of interest with the repurchase proposal, there was no insider trading or market manipulation alone or jointly with other people.

(11) Listed company made inquiry to directors, supervisors, senior executives, controlling shareholders, actual controllers and shareholders holding more than 5% of the shares whether there is a plan to reduce their holdings in the next six months

On March 29, 2021, the Company sent an inquiry letter to the controlling shareholder of China Chemical Equipment Global Holdings (Hong Kong) Co., Ltd., and the actual controller, and the shareholder Academy of Engineering Chemical Sciences, which holds more than 5% of the shares, asking whether there is a plan to reduce the shares in the future.

On March 30, 2021, the controlling shareholder of China Chemical Equipment Global holding (Hong Kong) Co., Ltd. replied that China Chemical Equipment Global holding (Hong Kong) Co., Ltd. and the actual controller had no plan to reduce their holdings in the next six months; on March 31, 2021, the shareholder of more than 5% of the shares held by the Academy of Chemical Engineering Sciences replied that it had no plan to reduce its shares during the period of the Company's share repurchase.

(12) To request the general meeting of shareholders to authorize the Board of Directors to deal with the repurchase of shares of the Company

In order to cooperate with the repurchase of the Company's shares, it is proposed to request the general meeting of shareholders of the Company to authorize the Board of Directors to handle various matters in the process of repurchase of the Company's shares, including but not limited to the following matters:

1) Authorize the Board of Directors of the Company to repurchase the shares at the right time during the repurchase period, including the time, price and quantity of the repurchase;

2) Decide to continue or terminate the implementation of the repurchase plan according to the actual situation of the Company and the performance of the share price;

3) Authorize the Board of Directors of the Company to adjust the specific implementation plan and handle other matters related to share repurchase in accordance with relevant provisions (i.e. applicable laws, regulations and relevant provisions of regulatory authorities);

4) set up special securities account for repurchase or other relevant securities account;

5) According to the actual repurchase situation, the articles of association and other materials and documents that may involve changes shall be amended, and the relevant filing work shall be handled;

6) Authorize the Board of Directors of the Company to handle the amendment of the articles of association and the registration of industrial and commercial changes after the completion of relevant matters;

7) Other contents not listed above but necessary for this share repurchase;

8) This authorization starts from the date of deliberation and approval by the general meeting of shareholders of the Company and ends on the date of completion of the above authorization.

3、 the uncertainty risk of repurchase plan

(1) The share repurchase plan needs to be submitted to the general meeting of shareholders for deliberation and approval in the form of a special resolution, and there is a risk that it will not be deliberated and approved by the general meeting of shareholders;

(2) During the repurchase period, the share price of the Company continues to exceed the upper limit of the repurchase plan, resulting in the uncertain risk that the repurchase plan cannot be implemented or can only be partially implemented;

(3) The risk that the repurchase plan cannot be implemented as planned due to the failure of the funds required for the share repurchase in time;

(4) If major events that have significant impact on the Company's stock trading price occur or the Board of Directors decides to terminate the repurchase plan, there is a risk that the repurchase plan will not be implemented smoothly;

(5) Due to major changes in the Company's production and operation, financial situation and external objective situation, there is a risk that the repurchase plan may be changed or terminated according to the rules;

During the repurchase period, the Company will make the repurchase decision and implement it according to the market situation. Please pay attention to the investment risk.

It is hereby announced.

Board of Directors of KraussMaffei Company Limited

1st April 2021