

**Declaration of compliance by the Management Board and Supervisory Board  
of KHD Humboldt Wedag International AG  
in accordance with Section 161 of the German Stock Corporation Act ("AktG")  
on the recommendations of the  
"Government Commission on the German Corporate Governance Code"**

The Management Board and the Supervisory Board of KHD Humboldt Wedag International AG hereby declare that since the last declaration of compliance on February 28, 2014 (updated on June 17, 2014) the recommendations of the German Corporate Governance Code (the "Code") as amended on June 24, 2014 have been complied with and will be complied with in future with the following exceptions:

- The Company has concluded directors' and officers' (D&O) insurance for the members of the Supervisory Board but no deductible has been agreed upon (Code item 3.8 para. 3).

The Company and the Supervisory Board are fully aware and fully accept the due care and diligence required from a prudent and conscientious Supervisory Board member, but they do not see the agreement of a deductible as a suitable measure for enhancing the motivation and sense of responsibility with which the Supervisory Board members perform their duties and functions.

- The payments to be made to a Management Board member on premature termination of the Management Board service contract are not limited to two years' compensation and the remaining term of the service contract (Code item 4.2.3 para. 4).

Three of the four Management Board service contracts do not include an explicit regulation on severance. The other contract limits the severance payment at the normal end of the term of the service contract and in case of premature termination by the Company without serious cause entitling the Company to terminate the contract without notice, to one year's fixed annual salary.

In case of premature termination of a Management Board service contract without serious cause more than two years prior to the normal end of the term of the service contract the service contracts do not limit the payments to the value of two years' compensation. In this case compensation for the remaining term of the service contract, but no additional severance, has to be paid. The Management Board service contracts do not provide for such a limitation as the Supervisory Board had deemed this as not advisable. Amicable rescission of a Management Board service contract having a remaining term of more than two years is hindered significantly in case of a severance cap as in such cases acceptance of the limitation would be disadvantageous to the Management Board member compared with adherence to the service contract and claiming the ongoing compensation.

- The Supervisory Board has not established any committees as recommended by the Code (Code item 5.3.1).

As since May 27, 2014 the Supervisory Board consists of only three members, the Supervisory Board has not established any committees. The issues normally delegated to committees are jointly handled by all three Supervisory Board members whereby each member of the Supervisory Board reports to the Supervisory Board as a whole on those topics that were primarily allocated to his/her responsibility based on specific expertise.

- The Supervisory Board has not established an Audit Committee as recommended by the Code (Code item 5.3.2).

Reference is made to the explanation given in connection with item 5.3.1 of the Code. The objective of Code item 5.3.2 is still met as the majority of the Supervisory Board members is independent and no member of the Supervisory Board is a former member of the Management Board of the Company. One independent member of the Supervisory Board has specialist knowledge and experience in the application of accounting principles and internal control processes.

- The Supervisory Board has not established a nomination committee as recommended by the Code (Code item 5.3.3).

Reference is made to the explanation given in connection with item 5.3.1 of the Code. The objective of Code item 5.3.3 is still met, because all members of the Supervisory Board are shareholder representatives.

- The Supervisory Board has not defined an age limit for its members as recommended by the Code (Code item 5.4.1 para. 2 first sentence).

The Supervisory Board considers extensive business experience from a long business career as beneficial for the competence of the Supervisory Board and the interests of the Company. Therefore, the Supervisory Board decided not to define a specific age limit for its members.

- The half-year financial report shall be publicly accessible within 45 days of the end of the reporting period (Code item 7.1.2 fourth sentence).

AVIC International Holdings Limited, the indirect majority shareholder of KHD Humboldt Wedag International AG, is listed on the Hong Kong Stock Exchange. According to the Hong Kong Stock Exchange listing rules, AVIC International Holdings Limited was required to publish an Accountants' Report of the KHD Group that also summarized financial information for the two six-month periods ending June 30, 2014. As the Accountants' Report of the KHD Group was published on August 28, 2014, the Management Board decided to publish KHD Group's half-year financial report on the same date in order to ensure consistency of the financial information in both reports.

Cologne, February 27, 2015

For the Management Board

For the Supervisory Board

(s) Jouni Salo

(s) Ralph Quellmalz

(s) Hubert Keusch

(s) Yizhen Zhu

(s) Daniel Uttelbach