ZhongDe Waste Technology AG

Annual General Meeting 2011

June 28, 2011

➲ **Safe Waste Disposal Solutions…for Generations to Come**

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- ZhongDe at a Glance
- Chinese Energy-from-Waste Market
- Strategy
- Financial Highlights 2010
- Financial Highlights Q1 2011
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Zefeng Chen (Chairman & CEO)

William Wang (Executive Director & CFO)

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Company Overview

- Foundation & Share capital: 1996; 13 million shares
- Owner: Mr. Chen (50.8%) + International Investors
- Focus on Chinese Energy-from-Waste (EfW) Market
- ZhongDe Waste Technology AG designs, constructs, invests and operates EfW plants, which generate electricity from disposal of solid municipal and industrial (including hazardous) waste
- Main Business: EPC and BOT EfW Projects
- IPO: 2007 German Prime Standard "ZEF"
- Website: www.zhongde-ag.de
- Address: Frankfurt (Headquarter）
  Beijing (Headquarter in China）
  Fuzhou (Production）

Business Model

Design and development of energy-from-waste process solutions

Feasibility & Design/Engineering	Construction & Project Management	After Sales & Service	Operation
EPC* projects ("Turnkey projects")			
BOT** and BOO*** projects			
■ Analyzing the environmental conditions (i.e. climate, humidity) ■ Evaluating the kinds and characteristics of waste ■ Customizing the energy-from-waste plant according to the customer's needs (i.e. available capacity)	■ General contractor ■ Sourcing of parts ■ Management of sub-contractors ■ Inspection of equipments and materials purchased ■ Construction and assembly ■ Quality control ■ Time and budget control ■ Delivery ■ Performance testing	■ Training of customer staff ■ Maintenance services ■ Spare parts ■ Repair services	■ Provision of energy-from-waste services (generation of waste-disposal fees) ■ Monitoring of harmful flue gas disposal (i.e. dioxins, acid gases and nitrogen oxides) ■ Sale of energy (electricity, steam, hot water) and by-products (bricks)
1-2 months	2-24 months	ongoing	20-30 years

* Engineering-Procurement-Construction **Build-Operate-Transfer ***Build-Operate-Own

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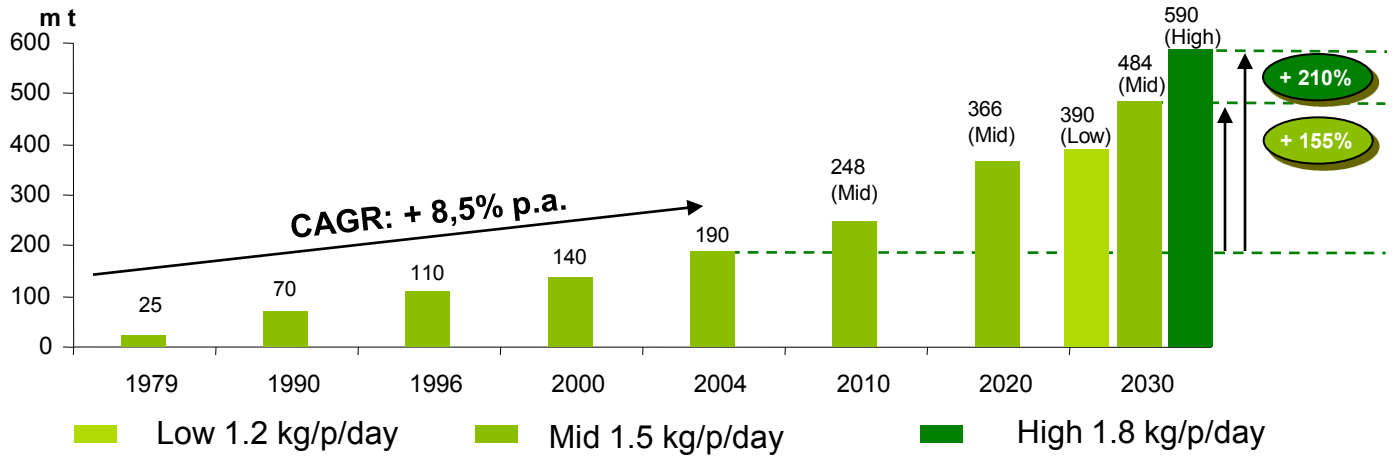
Energy-from-Waste Industry in China

Growth in Municipal Solid Waste (MSW) generation in China



CAGR scenarios:

- High: + 4.5%
- Mid: + 3.6%
- Low: + 2.8%

Source: World Bank, 2005, SEPA

➲ China surpassed the US as the world's largest MSW generator at an unprecedented growth rate

Energy-from-Waste Industry in China

Drivers:

- No 1 population and limited land resources
- Urbanization: Urban residents produce 2-3 times more waste than rural
- Urban population growth: From 35% today to 50% in 2020
- Increasing affluence and higher average incomes
- Increase in collection rates from 30% today to 60-70% (Korea 66%, Taiwan 55%)

Energy-from-Waste Industry in China

Dumps

Landfill

- Predominant disposal method in China
- Risk of leakage and toxic gas emissions
- No hazard-free disposal

Energy-from-Waste

- Lower space requirements
- Low environmental impact
- By-products: Electricity / hot water / steam / bricks
- Key element of an integrated waste management solution in China

Stimulating Policies

During the 11th five-year plan period, the investment for solid waste treatment reached RMB 210 billion, with average annual growth rate of 18.5%. Chinese Academy for Environmental Planning estimated that during the 12th Five-year plan period, the investment for solid waste industry will amount to RMB 800 billion, quadrupling the amount during 11th five-year plan period.

Stimulating Policies

The deployment of the State Council for municipal waste disposal: Support the energy-from-waste industry

On 23 March, 2011, Premier Wen Jiabao presided over State Council routine conference and deployed to stimulate the industry of the municipal waste disposal. In 2015, the rate of municipal waste harmless disposal will reach above 80% in China, and 50% of urban community should preliminarily realize the classification and treatment for kitchen wastes. The conference identified the following policies and measures:

- Practically control the generation of municipal waste
- Increase the disposal capacity for municipal waste
- Enhance the supervision and administration of municipal waste disposal
- Strengthen stimulating policy

Stimulating Policies

Circular of the State Council on the Approval of the Opinions to Further Strengthen Municipal Waste Treatment – April 19th, 2011

Strengthening policy support:

- Strictly implement and continuously enhance tax preferential policy for municipal waste treatment
- Speed up in examining and endorsing process of waste treatment facilities, such as land supply, environmental influence assessment and feasibility study
- Energy-from-Waste regarded as prioritized way of waste treatment in cities with high population density
- Promote the charge system for municipal waste treatment
- Priority construction of municipal waste treatment facilities in the new city construction and old city reconstruction
- Strengthen the support for technology research for municipal waste treatment, such as clean incineration, dioxin control, flying ash harmless treatment etc.
- Implement talents plan. Set up related municipal waste treatment majors in colleges and universities

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Strategic Focus

- Large-scale Energy-from-Waste projects (BOT, EPC, Manufacturing of key components)
- Standardization
- Internationalization
- Professionalization

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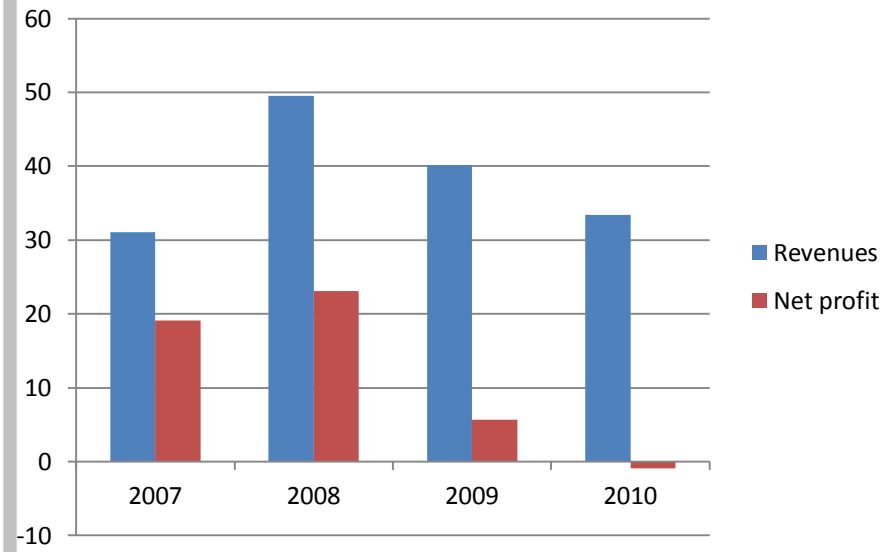
Revenues and Net Profit

Revenues and Net profit



in m€	2007	2008	2009	2010
Revenues	31.1	49.5	40.2	33.4
Growth rate	63.7%	59.2%	-18.8%	-16.9%
EBIT	18.6	21.3	8.0	0.9
EBIT margin	60.0%	43%	20.0%	3%
Net profit	19.1	23.1	5.7	-0.9
Net profit margin	61.0%	47.0%	14.2%	-3%

Comments

Slight Net Loss in 2010 vs. 2009

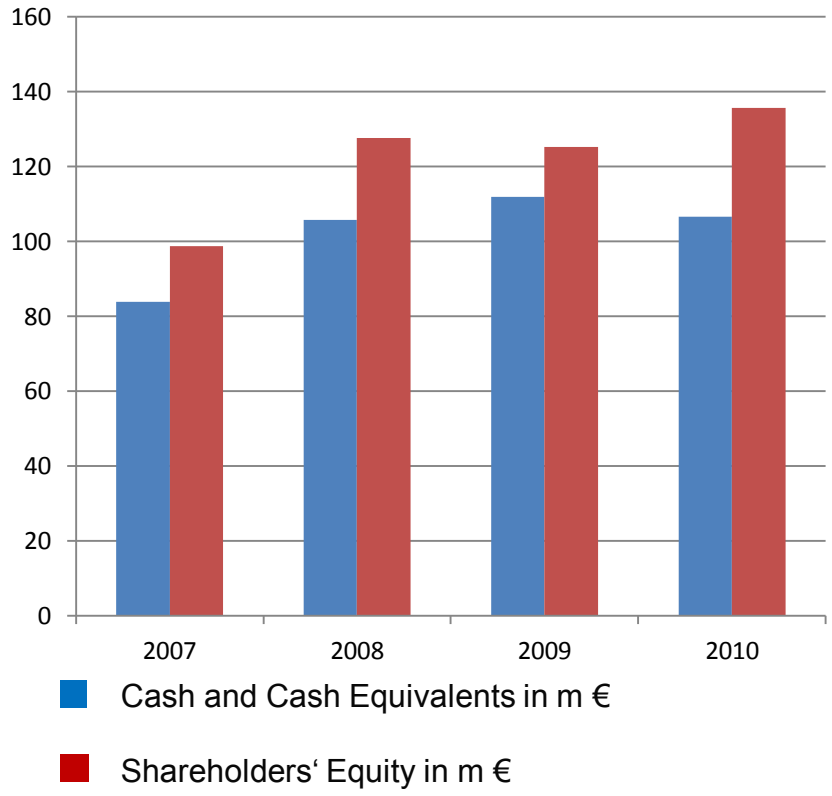
- Revenue decreased by 16.9% to € 33.4 million
- EBIT decreased by 88.5% to € 0.9 million
- Net loss € 0.9 million

Background

- Construction Progress Delay due to the Retard of Local Government Approval
- Public Concern about the Safety of EfW Plants
- 2009 & 2010 transition period to shift to large-size EfW projects

Strong Performance of Cash and Equity

Cash and Equity

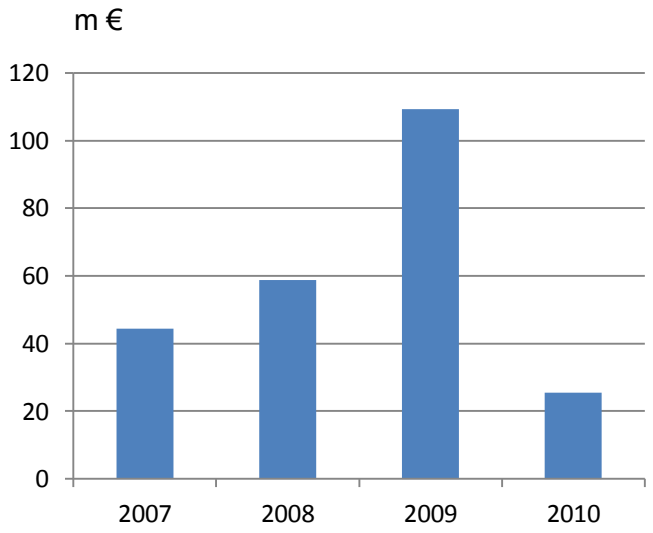


Comments

- Cash and cash equivalents amounted to € 106.5 million in 2010
- Strong cash ensures flexibility in BOT investment & bank loan negotiation
- Shareholders’ equity increased by € 8.4% to € 135.6 million vs. 2009
- € 8.2 cash per share

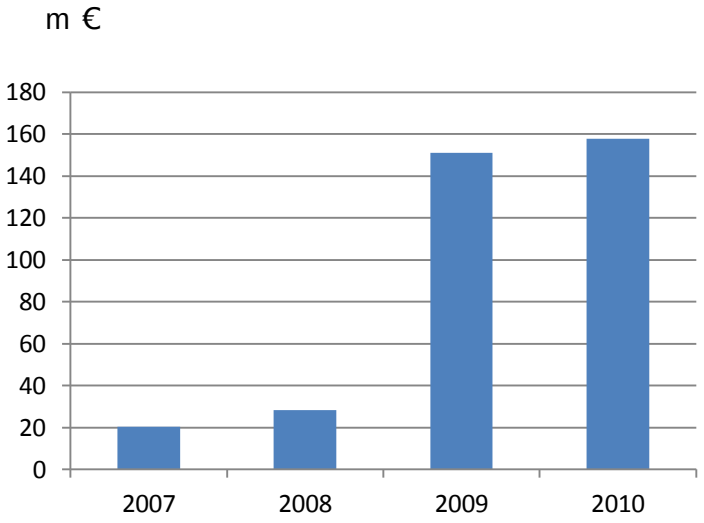
Strong Order Position

Order intake



- **Order intake decreased by 76.7% to € 25.4 million in 2010, compared to € 109.3 million in 2009**

Order backlog



- **Order backlog increased in 2010 by 4.4% to € 157.8 million, compared to € 151.2 million in 2009**

Financial Highlights 2010

- Revenues amounted to € 33.4 million; a decrease of 17% yoy
- Gross profit amounted to € 7.4 million
- Net profit reached € -0.9 million
- Order intake fell to € 25.4 million
- Order backlog increased by 4.4% to € 157.8 million
- Total assets increased by 18.6% to € 168.6 million
- Shareholders' equity increased by 8.4% to € 135.6 million
- Strong cash position amounted to € 106.5 million

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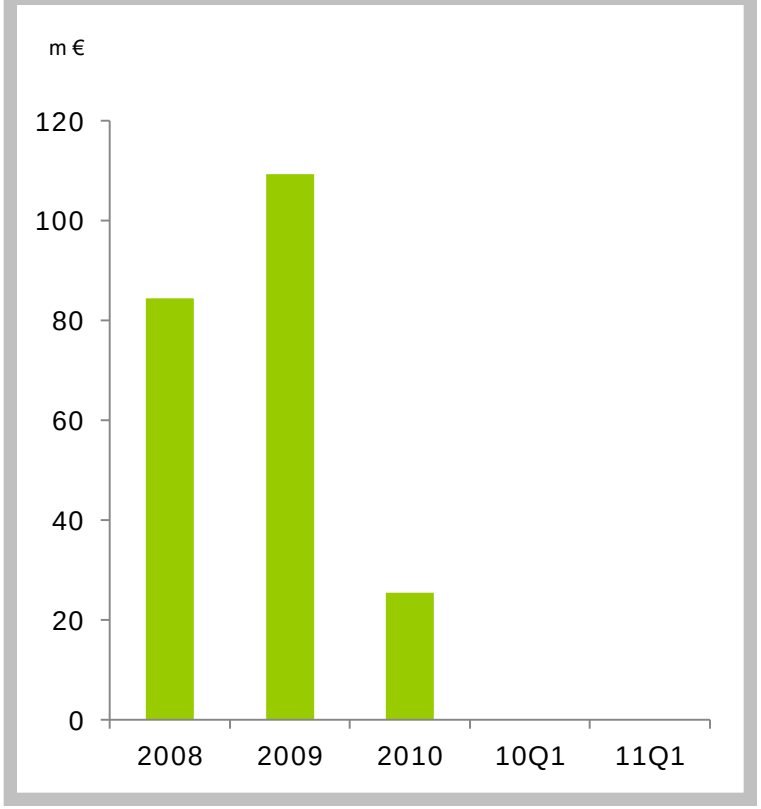
Financial Highlights Q1 2011

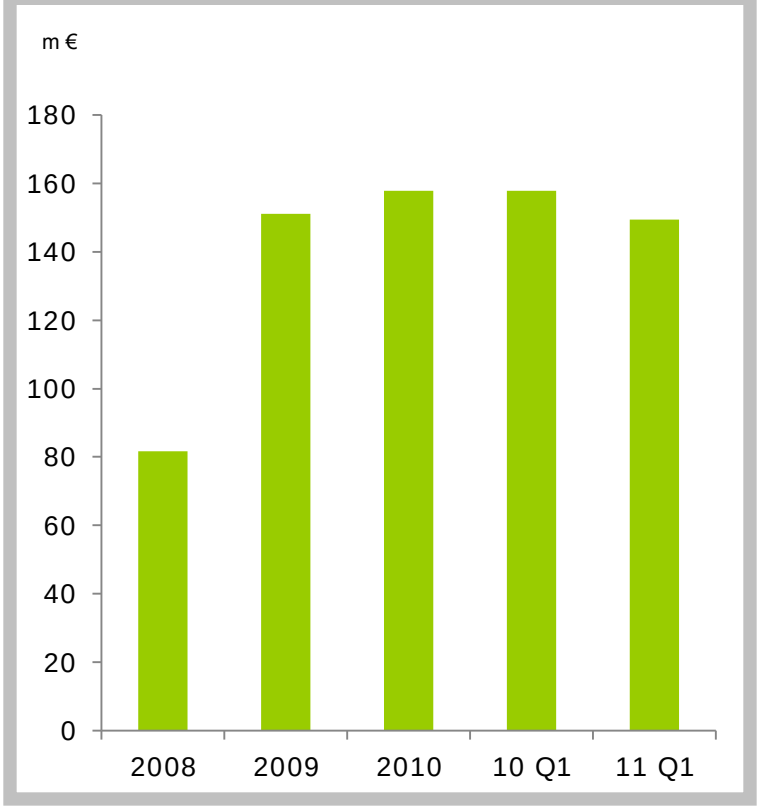
- Revenues decreased from € 3.7 million to € 2.4 million
- Gross profit margin increased from 13% to 23%
- Gross profit kept € 0.5 million, on the same level as in Q1 2010
- Net profit improved by € 0.6 million from € -2.0 million to € -1.4 million
- The earnings per share increased by € 0.05 from € -0.16 to € -0.11

Strong Order Position

Order intake



Order backlog



Large-scale Energy-from-Waste Projects

EPC	As of 31 March 2011 Percentage of Completion	Expected completion time
Dingzhou	12%	End of 2012
Zhucheng	34%	End of 2011
Zhaodong	Preliminary preparation stage	End of 2013
Shouguang	Preliminary preparation stage	End of 2013

BOT	As of 31 March 2011 Percentage of Completion	Expected completion time
Feicheng	Trial Operation	-
Zhoukou	60%	End of 2011
Kunming	18 %	End of 2012
Xianning	13%	End of 2012

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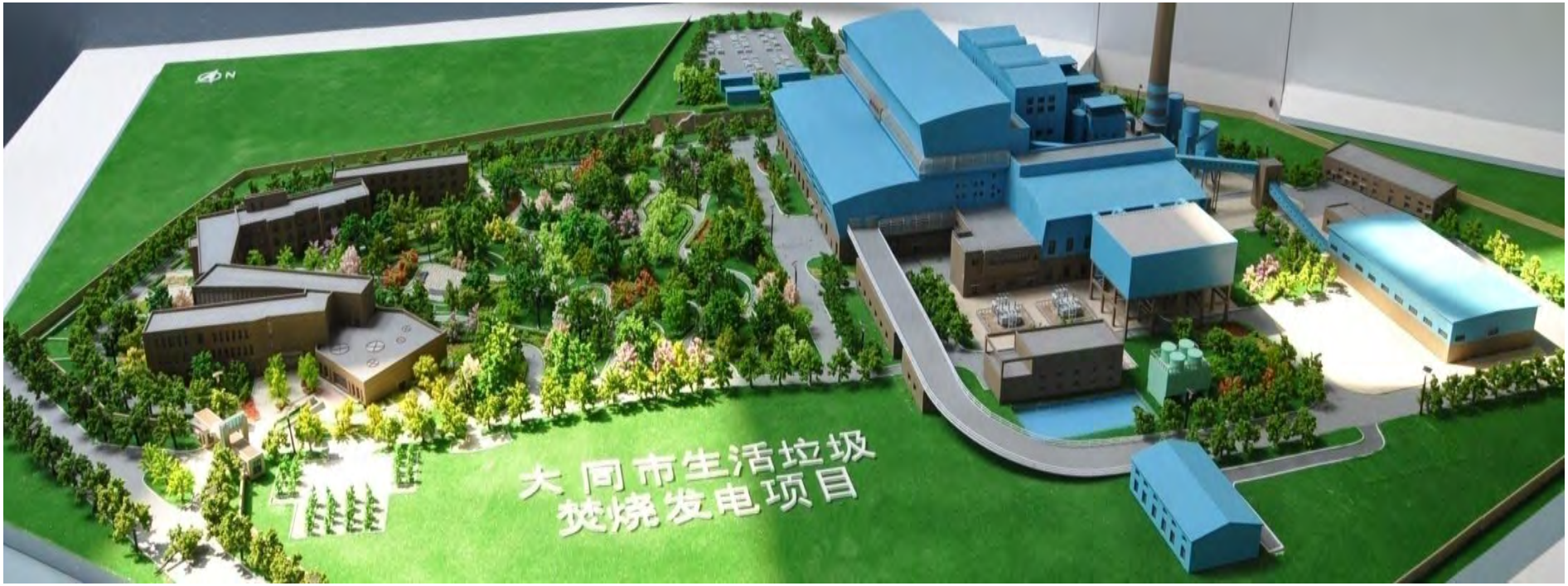
Demonstration Model of “Green Plant” in China



Datong project acts as reference example for environmental protection in China

- Each environmental index have reached the national standard, some indices have reached European standard
- Visited by many central and local government officials, customers and cooperation partners from home and abroad

Datong project

Report in NEWS BROADCAST and 45-minutes special report in NEWS PROBE by CCTV

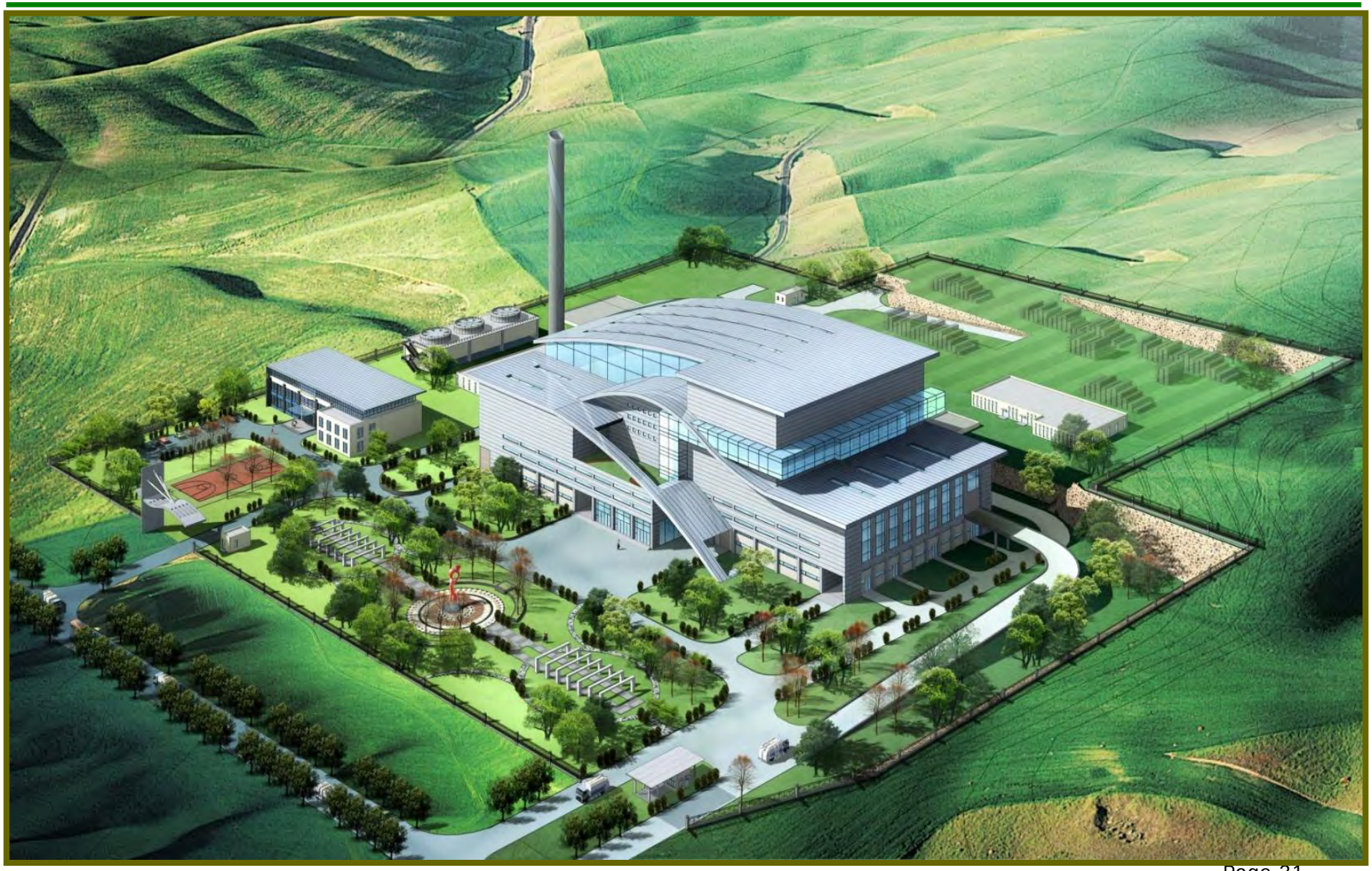
Feicheng project

Projects under Construction (Zhoukou BOT)

Projects under Construction (Zhoukou BOT)

Projects under Construction (Kunming BOT)

Projects under Construction (Kunming BOT)



Projects under Construction (Xianning BOT)

Projects under Construction (Xianning BOT)

Projects under Construction (Zhucheng EPC)

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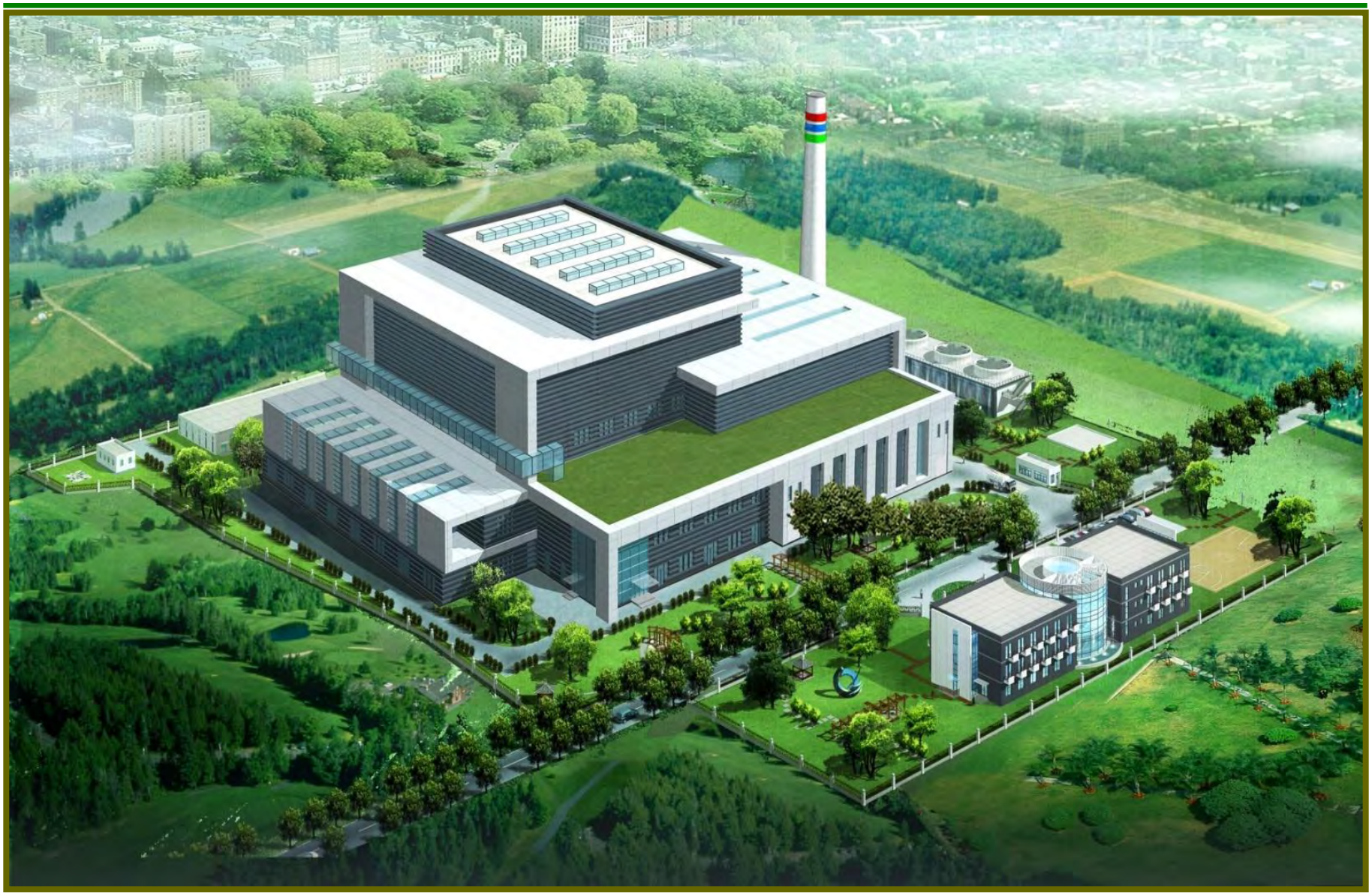

Projects under Construction (Dingzhou EPC)

Projects under Construction (Dingzhou EPC)

Expected completion time of EfW Project

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Mission Statement: Clean Technology for the Future

Outlook and Investment Highlights

- High growth potential for EfW industry in domestic and international market, especially driven by the strong stimulating policy released by the State Council of China on 19th April 2011
- Smooth strategic transition and standardization progress
- Standard gross profit margin of EPC and BOT(construction period): 25%
- Competency enhanced by technical capability and professional management
- Growth of revenue and profit ensured by strong cash and order positions
- Guideline: Higher revenues and profits in 2011 than in 2010

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