



Compliance statement according to sec. 161 AktG (German stock corporation Act)

Management Board and Supervisory Board herewith declare that the Company has complied and will comply with the recommendations of the German Corporate Governance Code (Code) in the version dated 18 June 2009 as effective since its publication on 5 August 2009 except the following deviations:

- Sections 4.2.2 to 4.2.4 contain recommendations on the remuneration of members of the management board granted by the company.

The Company deviates from the recommendations as set forth in Sections 4.2.2 to 4.2.4 of the Code, because the remuneration of members of the Management Board is exclusively provided for through employment agreements with ZhongDe Group's operational entity Fujian FengQuan Environmental Protection Equipment Limited.

- According to Section 5.1.2 para. 2 (3) and Section 5.4.1 (2) of the Code, the determination of an age limit is recommended. The Company's statutes do, however, not provide for such an age limit. The Company believes that the determination of such age limit for members of the Management Board and/or the Supervisory Board is not useful as a general rule since the Company wishes to be in the position to decide on a case-by-case basis to appoint elder qualified board members. The Company, therefore, deviates from the recommendations as set forth in Section 5.1.2 para. 2 (3) and Section 5.4.1 (2) of the Code.
- Sections 5.3 and 5.2 para. 2 of the Code recommend the constitution of supervisory board committees. Since the Company's Supervisory Board is composed of merely three members, the constitution of supervisory board committees is obviously not reasonable. The Company, therefore, deviates from the recommendations as set forth in Sections 5.3 and 5.2 para. 2 of the Code.
- Pursuant to Section 3.8 para. 2 of the Code, D&O insurance policies shall provide for a deductible for members of the management board and the supervisory board. The existing D&O insurance contracts do not provide for such deductibles. The Company, therefore, deviates from the recommendation as set forth in Section 3.8 para. 2 of the Code. However, it is



contemplated to amend the D&O insurance policies within the next months which shall then provide for appropriate deductibles for the board members.

- Section 7.1.2 of the Code recommends the annual consolidated financial statements to be made available to the public domain within 90 days after expiration of the last business year, and to make available the interim financial reports within 45 days after the end of the respective reporting period. The Company slightly missed these timelines. The reason is that due to its international holding structure and some linguistic challenges to be faced with the preparation of the financial reports, the Company has put and will put more emphasis on accurate financial statements rather than to exactly meet the recommended timelines.

Hamburg, 23 April 2010

ZhongDe Waste Technology AG

Management Board
Supervisory Board