



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

Executive Board and Supervisory Board herewith declare that the Company has complied with the recommendations of the German Corporate Governance Code (Code) in the version as of 18 June 2009 until 2 July 2010 and thereafter has complied and will comply with the recommendations of the Code in the version as of 26 May 2010, except the following deviations:

- Section 2.3.1 (3) and Section 2.3.3 (2) are dealing with absentee voting procedure by mail, without explicitly recommending to provide for such absentee voting procedure. In the Company's view, there are still various practical and legal problems involved with absentee voting by mail. In view of the general shareholders' meeting 2011, the Management Board has, therefore, decided not to exercise its authorization as granted under Section 23 para. 6 of the Articles to permit absentee voting by mail. However, shareholders continue being entitled to electronically grant proxies to proxy representatives nominated by the Company.
- Sections 4.2.2 to 4.2.4 contain recommendations on the remuneration of members of the Executive 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 Executive 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 Executive Board and/or the Supervisory Board is not useful as a general rule since the Company prefers the qualification and experience of its board members as criteria rather than their age. 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.

- 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. By now, the Company 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, 21 April 2011

ZhongDe Waste Technology AG

Management Board
Supervisory Board