



Compliance Statement pursuant to Sec. 161 of the German Stock Corporation Act

The Executive Board and the 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 as of 15 May 2012 (as published in the Federal Gazette (*Bundesanzeiger*) on 15 June 2012), except for the following deviations:

- Sections 4.2.2 to 4.2.4 contain recommendations on the remuneration of members of the executive board granted by the company. Since the members of the Executive Board of ZhongDe Waste Technology AG have only concluded service agreements with the Chinese operating entity Fujian FengQuan Environmental Protection Equipment Limited but not with the stock corporation itself, the recommendations set forth in Sections 4.2.2 and 4.2.3 of the German Corporate Governance Code do not apply.
- According to Section 5.1.2 para. 2 sentence 3 and Section 5.4.1 para. 2 sentence 1 of the Code, the determination of an age limit is recommended. The Company has not determined such age limit and so maintains the option to appoint members of the Executive Board or the Supervisory Board that have already crossed a certain age limit on a case by case basis. The Company believes that the determination of an age limit for members of the Executive Board and/or the Supervisory Board is not useful as a general rule but rather prefers the qualification and experience of its board members as criteria. The Company, therefore, deviates from the recommendations as set forth in Section 5.1.2 para. 2 sentence 3 and Section 5.4.1 para. 2 sentence 1 of the Code.
- According to Section 5.4.1 para. 3 of the Code, the Supervisory Board shall take into account its objectives for the composition of the Supervisory Board when proposing candidates for election to the Supervisory Board. In 2012, the Supervisory Board resolved, inter alia, to seek for adequate female representation in the Supervisory Board and, consequently, to seek to propose at least one female candidate in the next Supervisory Board elections. Although the Supervisory Board has taken into account its objectives when discussing proposals for election of Supervisory Board members, the Supervisory Board intends to propose Mr Gerrit Kaufhold and Prof. Dr. Bernd Neukirchen for re-election to the Supervisory Board at this year's general shareholders meeting; the reason being that both have skills and experience currently needed by the Company. Irrespective of the aforesaid, the Supervisory Board still maintains its objectives for its composition, which are described in more detail in the Corporate Governance chapter of the annual report.



- According to section 5.4.6 para. 2 of the Code, which has been revised in 2012, in case the Supervisory Board remuneration contains a variable component, such variable component shall be directed towards a sustainable development of the company. The variable remuneration of ZhongDe's Supervisory Board is based on the annual profit per share of the Company, which in the view of the Company is generally a reasonable indicator for the Company's – and thus also the Supervisory Board's – performance. However, the variable component is not specifically based on a long-term indicator and thus, the variable remuneration may not meet the recommendation set forth in the revised section 5.4.6. para. 2 of the Code. The Company will discuss potential adjustments to the variable Supervisory Board remuneration in order to comply with the requirements of section 5.4.6 para. 2 of the Code in the future.
- 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 has missed these timelines. The reason is that due to its international holding structure and higher translation efforts to be made in respect of 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.

Frankfurt/Main, 23 April 2013

ZhongDe Waste Technology AG

The Executive Board

The Supervisory Board