

Convenience Translation
– The German version shall be decisive –

ZhongDe Waste Technology AG
Frankfurt/Main

ISIN DE000ZDWT018 / WKN ZDWT01

Ordinary Annual General Meeting on 30 August 2012

**Explanatory Statement with regard to Agenda Item 1 pursuant to Sec. 124a no. 2
German Stock Corporation Act (*Aktiengesetz – AktG*)**

No resolution is taken on Agenda Item 1 “Presentation of the approved Annual Financial Statements of ZhongDe Waste Technology AG as at 31 December 2011 together with the Status Report, the approved Consolidated Financial Statements as at 31 December 2011 together with the Consolidated Status Report, the Supervisory Board Report and the Explanatory Report on the information required pursuant to sec. 289 para. 4, sec. 315 para 4 of the German Commercial Code (HGB) for the fiscal year 2011” due to the following reasons:

1. According to Sec. 175 para. 2 German Stock Corporation Act, the approved annual financial statements, the status report and, in case of a parent enterprise, the approved consolidated financial statements and the consolidated status report shall be received by the annual general meeting. A resolution of the annual general meeting of ZhongDe Waste Technology is not required with respect to these documents. The annual financial statements of ZhongDe Waste Technology AG have been approved by the Supervisory Board and are thus binding. The exception pursuant to Sec. 173 German Stock Corporation Act, according to which the annual financial statements are approved by the annual general meeting if that has been resolved by the Executive Board and the Supervisory Board, does not apply.
2. There is also no requirement for a resolution of the annual general meeting with respect to the Supervisory Board Report. Pursuant to Sec. 171 para. 2 German Stock Corporation Act, the Supervisory Board has to provide the annual general meeting with a written report. The report shall inform the shareholders and the public about the result of the review of the financial statements and the related documents by the Supervisory Board. In addition, the Supervisory Board accounts for its activities in the Supervisory Board report. The law does not provide for a resolution of the annual general meeting on the Supervisory Board report. The chairman of the Supervisory Board will comment on the Supervisory Board report for the financial year 2011 in the annual general meeting.

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3. Finally, no resolution of the annual general meeting is required with respect to the information pursuant to Sections 289 para.4, 315 para. 4 of the German Commercial Code (*Handelsgesetzbuch – HGB*). Pursuant to Sec. 176 para. 1 German Stock Corporation Act, the executive board of a listed company has to provide the annual general meeting with an explanatory report on the information pursuant to 289 para. 4, 315 para. 4 of the German Commercial Code without it being required by law that a resolution of the annual general meeting was taken.