

ZhongDe Waste Technology AG



2012 Annual Report Conference Call

April 29, 2012

William J. Wang, CFO

Safe Waste Disposal Solutions...for Generations to Come

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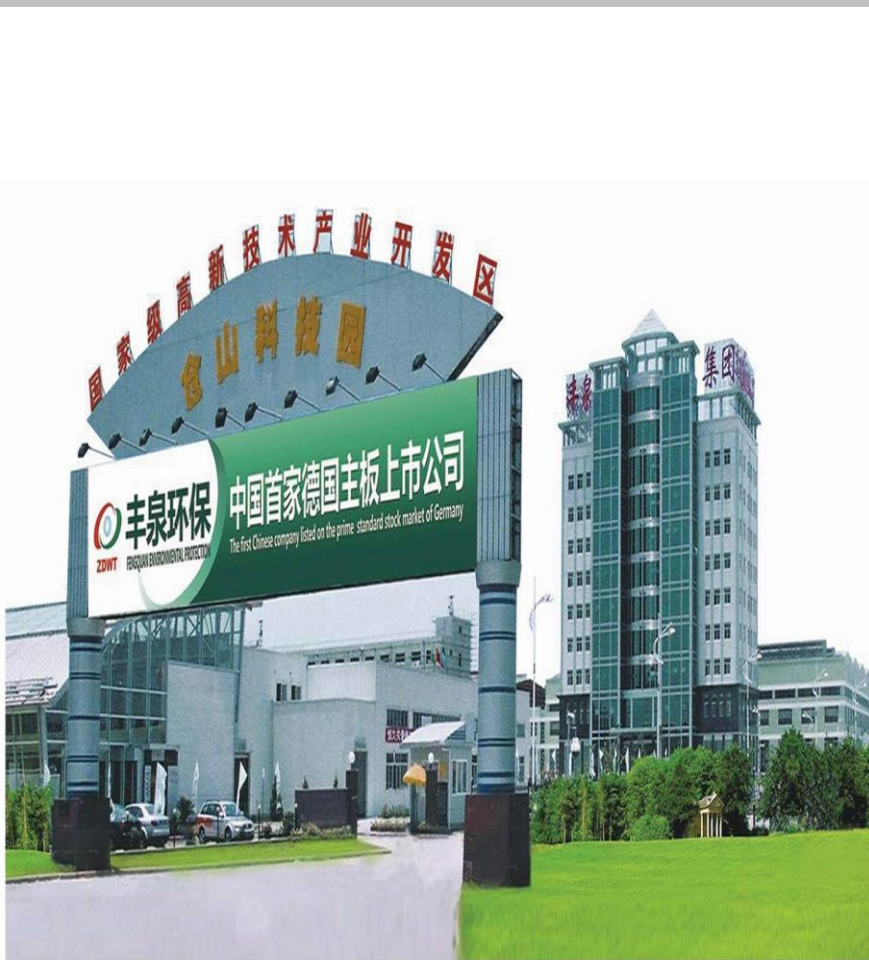
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ZhongDe at a glance



- Founded in 1996, IPO in 2007 (Prime Standard)
- ZhongDe Waste Technology AG designs, constructs, invests and operates waste-to-energy (EfW) plants, which generate electricity from the disposal of solid municipal and industrial (including hazardous) waste
- Focus on Chinese EfW -market
- Key business: EPC (Engineering, Procurement and Construction) and BOT (Built Operate and Transfer) projects
- Locations: Frankfurt am Main (German office), Beijing (Headquarter), Fuzhou (Production)

General information on the group

ZhongDe Waste Technology AG

It is a German stock corporation operating under German law whose financial year is the calendar year.

The Company's shares are traded on the Prime Standard, a segment of the regulated market of the Frankfurt Stock Exchange.

The core business of ZhongDe Waste Technology AG is the financing of the ZhongDe Group.

As holding company without its own operational business, ZhongDe Waste Technology AG is only slightly influenced by the macro-economic situation in Germany, but depends heavily on the ability of the Chinese entities to pay dividends to their shareholder.

General information on the group

Chung Hua Environmental Protection Assets (Holdings) Group Ltd., Hong Kong,

It is a directly owned subsidiary of ZhongDe Waste Technology AG is an intermediate holding company for six legal entities located in the People's Republic of China , which carry out the operational business of the ZhongDe Group.

It owns 100% of the shares of these operational entities directly and indirectly through **Fujian FengQuan Environmental Protection Holdings Ltd.,** which is a further intermediate holding company.

General information on the group

ZhongDe (China) Environment Protection Co. Ltd.

It is located in Beijing and is the Headquarter of Chinese Business .

It is another directly owned subsidiary of ZhongDe Waste Technology AG.

Experienced Management Team



Zefeng Chen, CEO

- Founder and main shareholder of the company (50.8%) of the Company
- More than 16 years of experience in environmental protection industry
- Deputy Director China National Association of Environmental Protection Industry (CAEPI)
- Member of the People's Congress of Fujian Province
- MBA at Tsinghua University



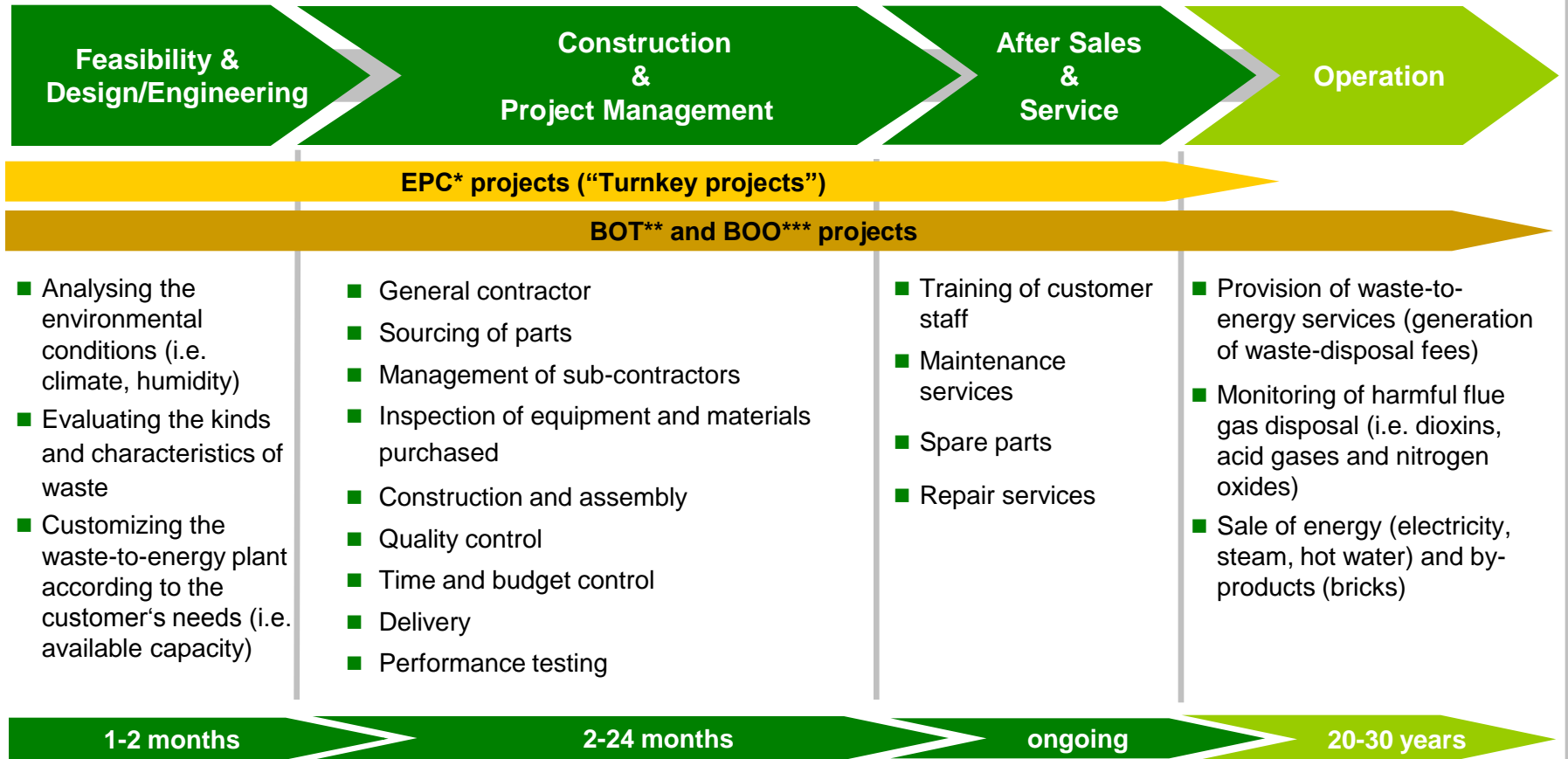
William Jihua Wang, CFO

- Deputy General Finance Manager for China's largest commercial real estate company (Wanda Group)
- CFO for Beijing Lining Sports Co. Ltd (listed at Hong Kong Stock Exchange)
- Senior Management positions in finance, accounting, controlling, investment and strategy in several "Fortune 500" multinational companies, e.g. AIG, Johnson & Johnson
- B.A. in International Economics at Fudan University, MBA at Steinbeis University Berlin
- Award of Outstanding CFO 2010 in China

ZhongDe's business model



Design and development of waste-to-energy process solutions

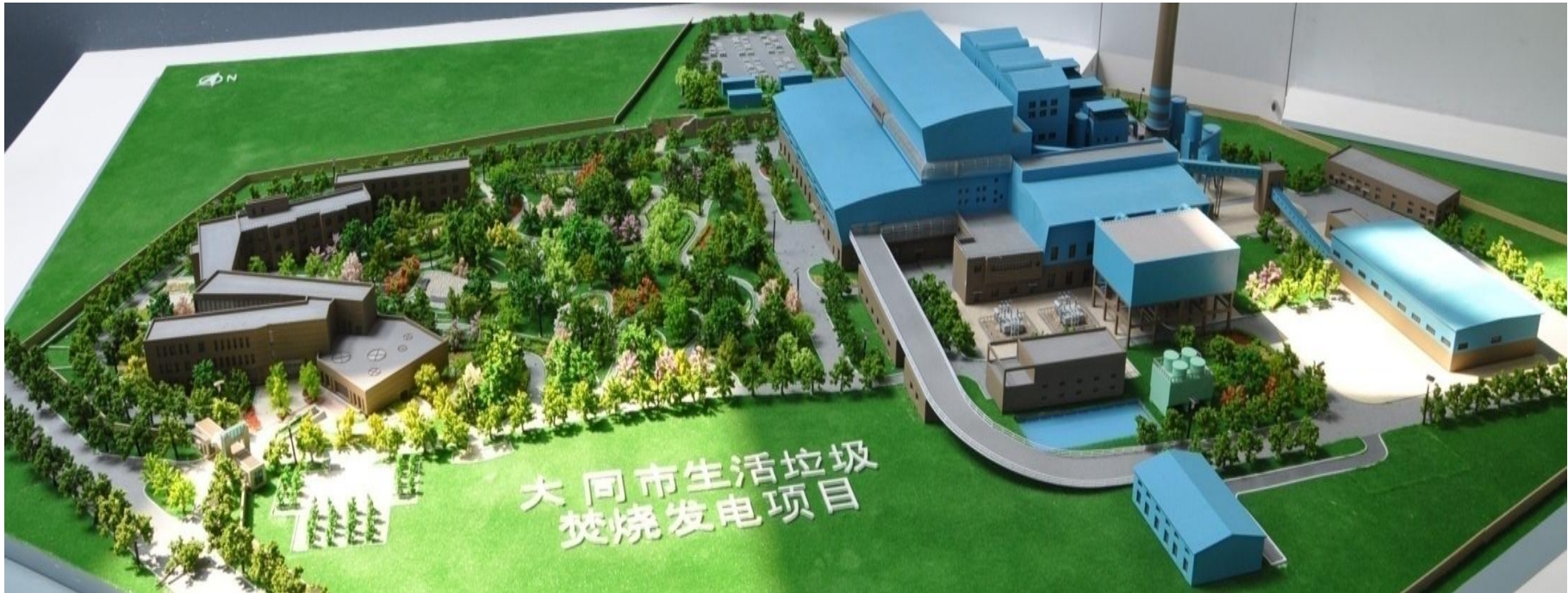


* Engineering-Procurement-Construction

**Build-Operate-Transfer

***Build-Operate-Own

Datong project serves as “Green Plant Model”



Key data:

EPC project, reference example

Start of operation: November 2009

Annual waste disposal capacity: 360,000 tons

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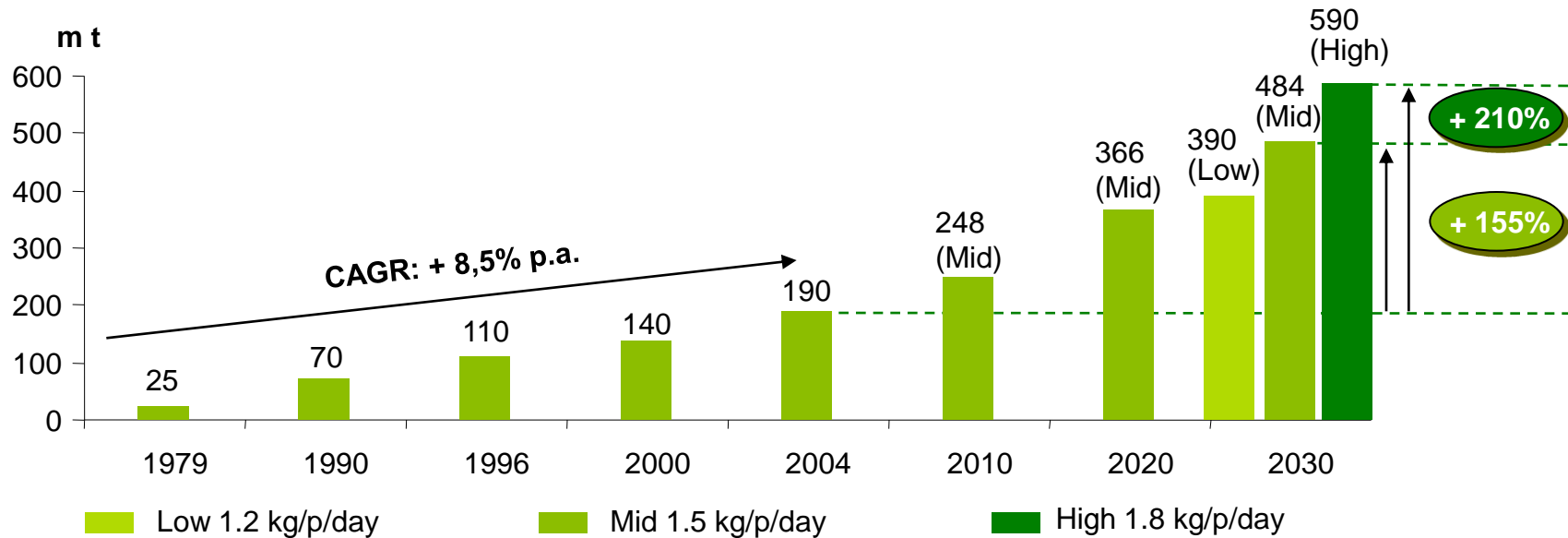


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Chinese energy-from-waste market is growing at a high pace



Growth of Municipal Solid Waste (MSW) generation in China



CAGR scenarios:

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

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

Drivers Chinese waste-to-energy market

- Huge population and limited land resources
- Urbanization
 - Urban population growth:

According to the National Bureau of Statistics of China, the ratio of urban population to total population reached 52.6% at the end of 2012 (51.3% in 2011). The total population increased by 6.7 million to reach 1.3 billion at the end of 2012.
 - Considering the rapid urbanization growth (the ratio in 1978 was only 17.9%), the population of 1.3 billion people and the general 70% ratio of people living in urban areas in Western countries, it is to be expected that a huge population will keep moving into cities of China in the next decades.
 - Urban residents produce 2-3 times more waste than rural residents
- Increasing affluence and higher average incomes
- Increase in waste collection rates from 30% today to 60-70% (Korea 66%, Taiwan 55%)

Waste-to-energy solutions for a better environment



Dumps



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

Landfill

Waste-to-Energy



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

Stimulating government policies



On 28 March 2012, the National Development and Reform Commission issued “The Notification on Improving Price Policy for Energy-from-Waste”

This document stipulates energy-from-waste projects for the disposal of municipal waste. In China one ton municipal waste is currently expected to generate 280 KWh electricity for a standard electricity price of RMB 0.65 per KWh. This measure has been taken by the Chinese government to encourage energy-from-waste industry and preserve land resources.

Stimulating government policies



On 19 April 2012, the State Council issued the National Municipal Waste Hazard-free Treatment for the period of the 12th Five-Year Plan.

It clearly states that the hazard-free treatment ratio for municipal waste on the city-level shall reach no less than 90% by 2015, with total investment for the construction of municipal waste hazard-free treatment facility reaching RMB 263.6 billion. The capital city of each county shall be equipped with waste hazard-free treatment facility, with harmless treatment ratio of no less than 70%. The newly increased capacity of municipal waste hazard-free treatment will be 580,000 tons/day. Municipal waste incineration capacity shall account for 35% of the total hazard-free treatment capacity in China, and will reach 48% in the eastern areas of China.

Stimulating government policies



On 16 June 2012, the State Council issued “12th Five-Year Planning for Energy Saving and Environmental Protection Industry”.

It states that waste treatment and environmental protection service is to be regarded as one of the key area for the environmental protection industry. It places emphasis on the research and development of technology and equipment for percolate disposal. It also promotes large-scaled energy-from-waste and off-gas purification systems, small and medium-sized incinerators with high-efficiency disposal technology, as well as municipal waste pre-treating technology devices.

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Operational and financial highlights 2012

Weak operative financial performance

- In 2012, revenues decreased by 24% to € 24.8 million (€ 32.4 million in 2011)
- Gross profit decreased by 62% to € 1.6 million (€ 4.1 million in 2011)
- EBIT decreased to € - 12.6 million (€ -7.7 million in 2011)
- Net profit increased by 9% to € -12.2 million (€ -10.7 million in 2011)

Reasons:

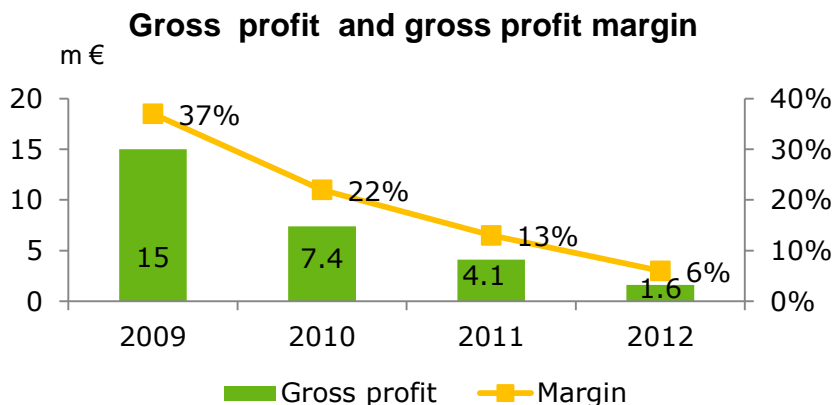
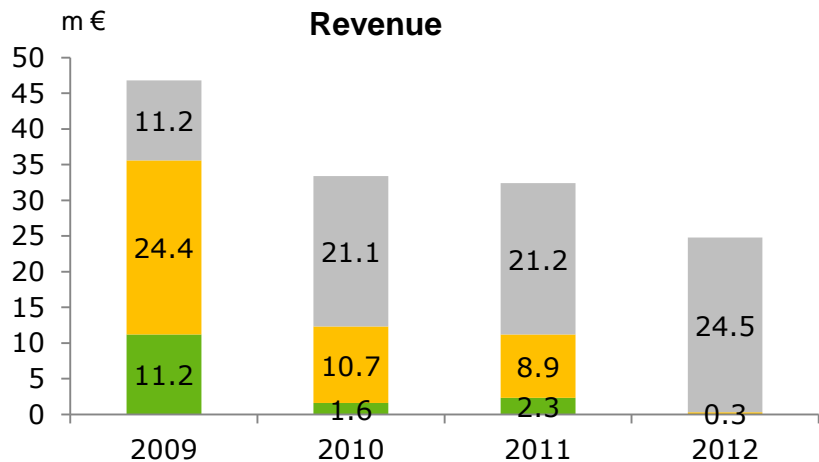
- The BOT projects delays and EPC projects and EPC projects were suspended
- Adjustment of costs estimated for the construction of EPC and BOT projects
- The € 7.4 million Impairment charge of Zhoukou and reverse of the € 6.7 million appreciation of Miyun building

Positive effects of cost controlling and strong order Position

- Order intake increased significantly to € 140.6 million (€ 6 million in 2011) due to the new Lanzhou BOT project
- Order backlog increased by 78% to € 257.4 million (€ 144.2 million in 2011)
- Solid cash position amounting to € 100.7 million ensures future flexibility

Results Burdened by BOT project delays and EPC project suspension

Revenue and Gross Profit



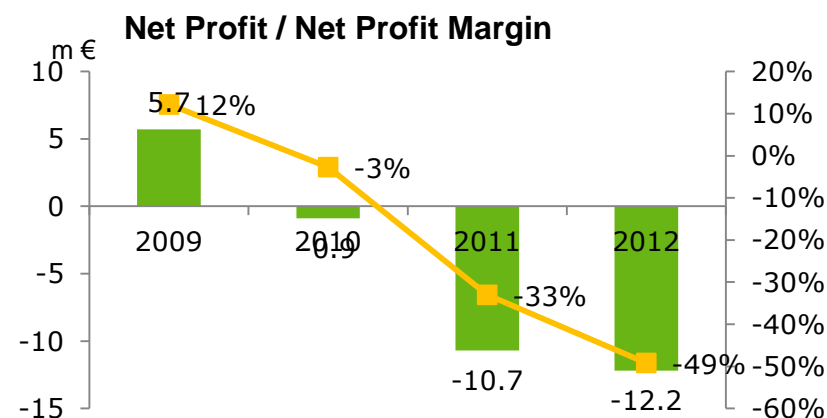
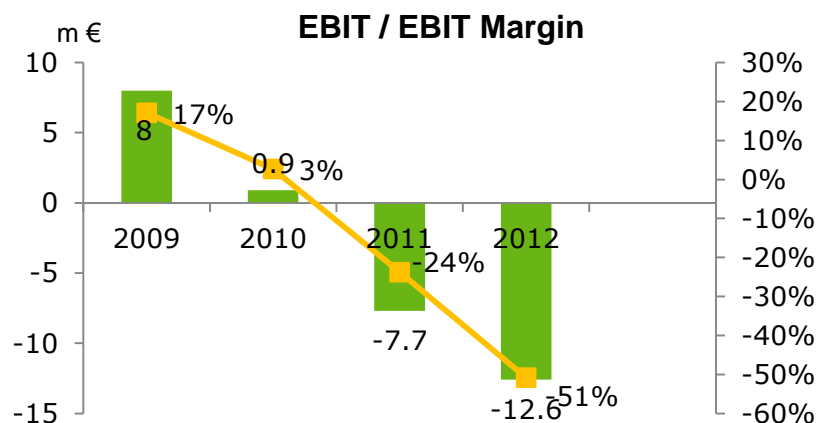
■ Incinerator
 ■ EPC
 ■ BOT

Comments

- In 2012, revenues decreased by 24% to € 24.8 million
- EPC projects accounted for 1% of total revenues in 2012, BOT for 99%
- The construction progress of the two EPC projects (Dingzhou, Zhucheng) was suspended according to the requirements from the EPC projects' owners
- The progress of the three BOT projects (Zhoukou, Kunming, Xianning) was slower than planned, mainly due to delays in obtaining required government approvals.
- Gross profit amounted to € 1.6 million, a 61% decrease year-on-year
- Gross profit margin went down to 6%

Results Burdened by impairment charge and reverse appreciation of Miyun

EBIT / Net Profit



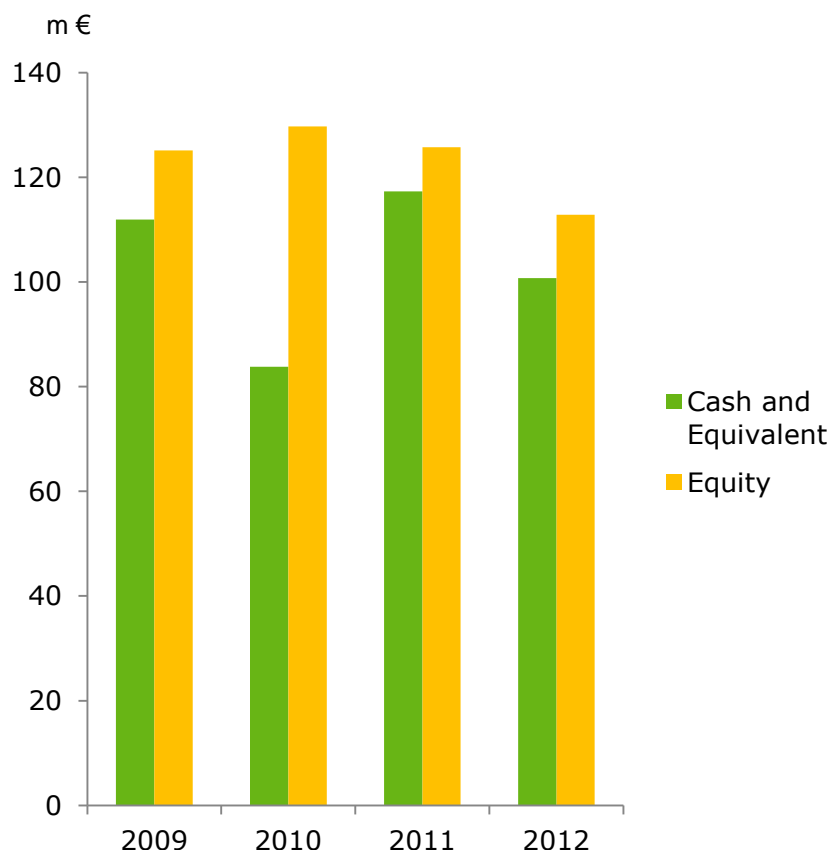
Comments

- EBIT decreased by 64 % to € -12.6 million
- Mainly due to € - 7 million impairment charge of Zhoukou project's intangible assets
- Adjust EBIT would be € - 5.2 million, better than € -7.7 million in 2011, due to the decrease of S&M, administration expense
- Net Profit decreased by 14 % of € -12.2 million in 2012 (2011: € - 10.7 million)

Solid cash position ensures flexibility



Cash and Equity



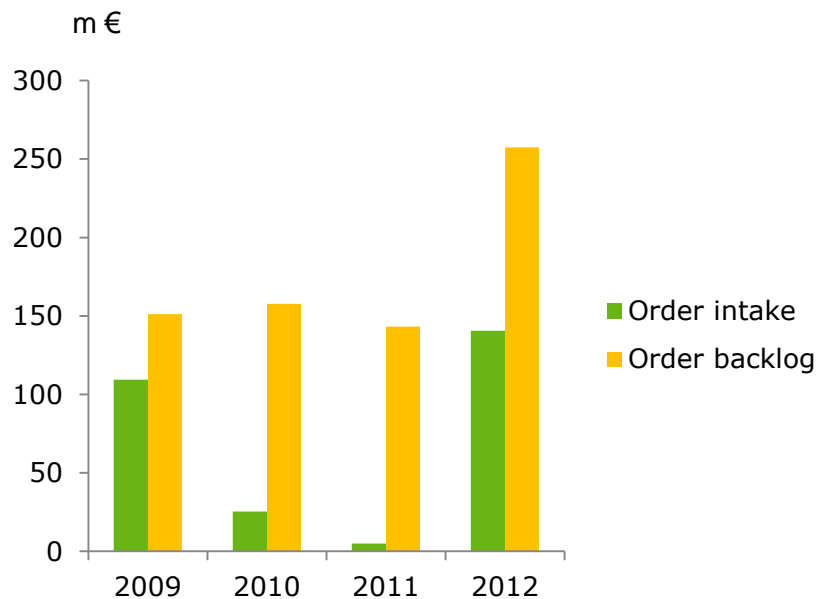
Comments

- As of 31 December 2012, cash and cash equivalents amounted to € 100.7 million (€ 117.3 million in 2011)
- Net cash amounted to € 47.8 million (after deducting € 52.9 million of loan volume)
- Strong cash position ensures flexibility for BOT investments and bank loan negotiations
- Shareholders' equity decreased by 10% to € 112.8 million
- € 8 cash per share (€ 3.8 net cash per share)

Strong increase of order position for future growth



Order intake & Order backlog



Comments

- New order intake increased greatly to € 140.5 million in 2012 relating to
 - 1) € 139.0 million new order intake from the new Lanzhou BOT project contract.
 - 2) one 1.5 million small-size incinerator with Hai Zheng Co. in Zhejiang province
- As the result, order backlog increased greatly to € 257.4 million in 2012 (€ 144.2 million in 2011)
- The proportion of small-size incinerator accounted for 2%, EPC projects accounted for 35%, and BOT projects 63% of total order backlog in 2012

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Expected completion of wte projects

| BOT | As of 31 December 2012 Percentage of Completion | Expected completion time |
|-----------------|--|-------------------------------------|
| Feicheng | Trial Operation | - |
| Zhoukou (500T) | 88% | Middle of 2013 |
| Kunming (700T) | 64% | End of 2013 |
| Xianning (600T) | 73% | End of 2013 |

| EPC | As of 30 September 2012 Percentage of Completion | Expected completion time |
|-----------------|---|-------------------------------------|
| Dingzhou (500T) | 17% | End of 2014 |
| Zhucheng (600T) | 59% | End of 2013 |
| Zhaodong | Preliminary preparation stage | |
| Shouguang | Preliminary preparation stage | |

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ZhongDe's strategic milestones for future growth



- Focus on large-size waste-to-energy projects
 - Construction of three BOT projects(Zhoukou, Xianning and Kunming) will be completed in 2013
 - Largest BOT project contract was signed in Oct 2012, with a capacity of 3,000 tons per day and an investment volume of € 168 million
- Professional project management
 - Strengthen the project controlling system with Germany Consulting Co.
 - Standardisation to reduce the risk of construction delay and energy-from-waste plant operation
- BOT operation
 - Increase the waste disposal capacity and electricity generation
 - Increase the cash inflow
 - Possibility of reversing the EUR 7.4 million impairment of Zhoukou

Outlook

- Favorable economic environment for eco-friendly waste-disposal solutions in China
- Growing demand for energy-from-waste plants in China and throughout Asia due to increasing industrialisation and urbanization
- Completion of three BOT projects(Zhoukou, Xianning and Kunming) in 2013 and further construction progress of Dingzhou and Zhucheng EPC projects until the end of 2013
- Finishing the preparation stage of the Lanzhou project and are planning to start its construction by the end of 2013
- Sell of Feicheng project and Beijing Miyun manufacture site for more profit and cash-inflow
- Besides the new project contract for “Lanzhou” in Oct 2012, the largest energy-from-waste BOT project in China, ZhongDe expects to sign two additional new project contract in 2013, which will increase order intake and order backlog
- ZhongDe’s financial group results 2013 will be above 2012 results



**Thank you very much for your attention,
we look forward to your questions!**

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Supervisory Board with strong dedication to Corporate Governance



Mr. Gerrit Kaufhold // Chairman of the Supervisory Board



- Auditor and tax consultant
- Since 2005 at Dr. Schmitz & Partner / HRG Hansische Revisions-Gesellschaft mbH, Hamburg; prior Senior Management positions at Deutsche Bank, Arthur Andersen and Esche Schümann Commichau
- Since 2011 Chairman of the Supervisory Board of Kinghero AG

Prof. Dr. Bernd Neukirchen // Deputy Chairman of the Supervisory Board



- Experienced process engineer & 35 years of professional experience in waste management
- Prior Senior Management positions at special waste treatment plants, e.g. at Gesellschaft zur Beseitigung von Sondermüll in Bayern mbH (GSB, Bavarian hazardous waste management company) and led several subsidiary companies of STEAG AG.

Mr. Frank Feng-Chang-Chang // Member of the Supervisory Board



- Non-Executive Director of Yamada Green Resources Ltd., Singapore
- Previously Senior Partner and Head of International Services at Grant Thornton Zhonghua CPAs and BDO Shanghai Zhonghua CPAs.

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