



Investor Presentation
February 2010

Disclosure

Safe Harbor Statement

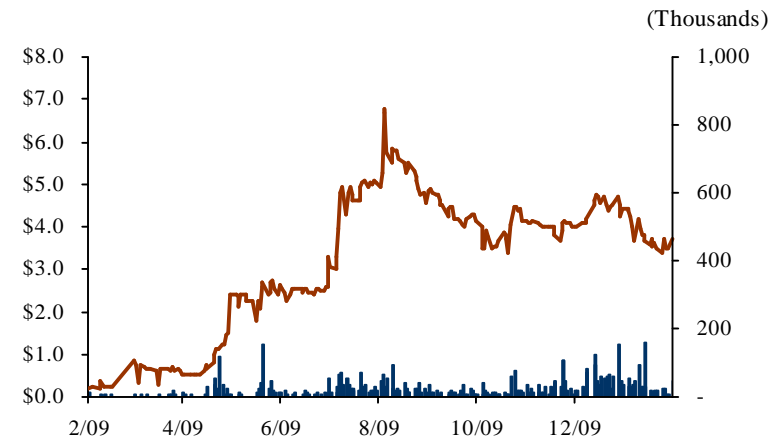
Certain of the statements set forth in this presentation constitute "Forward Looking Statements." Forward-Looking Statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance or achievements, and may contain the words "estimate," "project," "intend," "forecast," "anticipate," "plan," "planning," "expect," "believe," "will," "will likely," "should," "could," "would," "may" or words or expressions of similar meaning. All such Forward-Looking Statements involve risks and uncertainties, including, but not limited to: the need for and availability of additional financing and the Company's access to capital; the future trading of the common stock of the Company; and the period of time for which the proceeds from future financings will enable the Company to fund its operations. Many important factors affect the ability to achieve the Company's stated objectives, the ability to obtain substantial additional funds, and to compete successfully against other companies in a profitable manner. Therefore, you are cautioned that there also can be no assurance that the Forward-Looking Statements included in this presentation will prove to be accurate. In light of the significant uncertainties inherent in the Forward-Looking Statements included herein, the inclusion of such information should not be regarded as a representation or warranty by the Company or any other person that our objectives and plans will be achieved in any specified time frame, if at all. Except to the extent required by applicable laws or rules, the Company does not undertake any obligation to update any Forward-Looking Statements or to announce revisions to any of the Forward-Looking Statements.

Company Overview

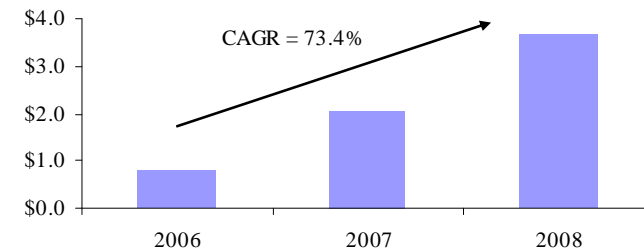
- § NF Energy Savings Corporation (the “Company”, “NF Energy” or “NFEC”) (US OTCBB: NFEC), based in Shenyang, Liaoning Province, is a leading provider of integrated energy conservation solutions, including energy conservation and emission reduction equipment and services for China’s rapidly growing power generation sector
- § The Company manufactures energy efficient flow control systems and new energy equipment, and provides services to improve energy efficiency and reduce emissions
- § The Company is a leading provider of flow control equipment to coal, hydro and nuclear power generation facilities in the domestic China market
 - ü NF Energy controls a 20% - 30% market share in the large-sized flow control system used in thermal power plants
 - ü The Company also has a 10% market share in the large-sized flow control system used in hydro power plants
- § On November 30, 2006, Neng Fa effected a reverse merger with OTC listed Diagnostic Corporation of America, and changed the name to NF Energy Saving Corporation of America (OTC:NFES)
- § On August 25, 2009, the Company announced 1-for-3 reverse stock split and ticker symbol change to NFEC, which are important steps towards its goal to upgrade to a major trading exchange



NFEC Stock Performance (2/09 – 2/10)



Net Income (\$mm)



Investment Highlights

- § **Large and Growing Industry with High Barriers to Entry** — future demand will be accelerated by higher domestic energy-saving standards
- § **Favorable Economic and Government Dynamic** — 5% of China's RMB4 trillion economic stimulus package are earmarked for environmental projects; Chinese Government will tighten preferential tax policy on energy conservation and emission reduction
- § **Leading Market Position** — successfully deployed a large number of energy efficient flow control systems and is well recognized in China as a leader in its industry
- § **Proven High Quality Portfolio of Services, Products and Manufacturing Capabilities** – new energy equipment manufacturing production facilities to come online in April 2010
- § **Strong Financial Performance** — consistent revenue and earnings growth; strong EBITDA and net margin
- § **Well Established Industry Reputation and Extensive Partnerships with Strategic Industry Players** — large-scale partners in energy efficiency business, including GE, Schneider Electric and Osaka Gas
- § **Strong R&D and Portfolio of Patents** — a strong patent portfolio, enabling highly energy-efficient, large-dimension pipeline flow control systems
- § **Experienced Management Team with Proven Track Record** — the management and energy conservation project team have more than ten years of experience in China Energy Conservation Promotion Project implemented by the World Bank

Experienced Executive Team

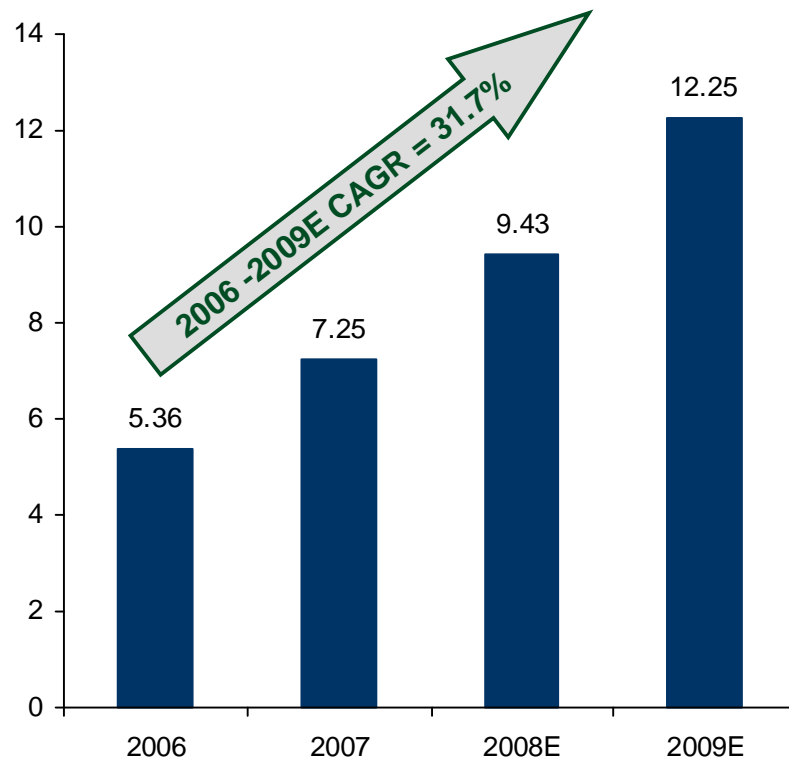
Name	Title	Experience
Mr. Li Gang	Chairman and CEO	Formerly Director of Technology Innovation Department in Liaoning Planning and Economy Commission and Director of Economic Operation Department in Liaoning Economic and Trade Commission Deputy Director of China Energy Conservation Association Director and commissioner of China Energy-saving Service Industry Committee
Mrs. Wang Lihua	Director and CFO	CFO of Liaoning EMC, one of three EMCs established by the World Bank Recommended by the World Bank to Chinese EMC Association as premier expert
Mr. Cui Jianwei	Vice President	Formerly Associate Professor in Thermal Engineering Department at Northeastern University Previously Chief Engineer of Shenyang Huaneng New Energy Development Co., Ltd.

Experienced Board of Independent Directors

Name	Title	Experience
Mr. Mia Kuang Ching	Independent Director and Audit Chair	Currently Managing Partner of SBA Stone Forest Corporate Advisory (Shanghai) Co., Ltd. Formerly Chief Accountant of Dalian Container Terminal, Regional Accountant (South Europe) of Singapore Airlines and Group Financial Controller of Fullmark Pte. Ltd.
Mr. Jianxin (Jason) Wang	Independent Director and Nominating Chair	Currently Managing Director of China Carbon Corporation, consultant to the Chicago Climate Exchange Inc. and Energy advisor to China Development Bank Formerly Research Assistant, Division of Industry and Finance, China Department, at the World Bank and President of Sparkles International Development Corp.
Mr. John MacLean	Independent Director and Compensation Chair	Founder and President of Energy Efficiency Finance Corp., a financial advisory firm specializing in finance for energy efficiency and renewable energy projects founded in 1999 26 years commercial finance experience including a wide range of investment structures
Mr. Zhongmin Wang	Independent Director	Currently the Director of the ISO Board in the People's Republic of China, the Vice Minister of Standardization Administration of the People's Republic of China, and the Minister of China Special Equipment Inspection and Research Center
Mr. Jiuding Yan	Independent Director	Currently the Vice President of Zhong Tian Securities Corporation Limited

Growing Market Opportunity: Valves Industry

PRC Valve Sales



§ Industrial valve market is large, fragmented and competitive

§ China's recent \$586 billion (RMB4 trillion) stimulus plan targets large infrastructure projects, which supports strong growth in the valve industry

§ China growing urbanization and industrialization positively affect the industry

§ Rebuilding infrastructure in earthquake affected areas in Sichuan province supports demand

§ Product quality, manufacturing scale and strong customer relationships are key strengths to compete favorably within the market

Sources: P.R.C. General Machinery Industry Association, Valve Sector (Sales in the PRC, includes imports)

Positive Economic & Government Dynamics

Growing China Energy Consumption Makes Energy Conservation a National Priority

1981	489 M toe	} 20 years
2000	979 M toe	
2008	1,990 M toe	} 8 years

- § China has made energy efficiency and conservation a national priority by passing Energy Conservation Law in April 2008 and adopting energy saving targets
- § Measurement, monitoring, reporting methodologies are created, implemented and enforced
- § Emission reduction is an important criterion in evaluating the performance of the leaders of local government and large state owned enterprises
- § Mandatory energy audits in major industrial energy users and efficiency enhancement in industry, transportation and buildings
- § Such favorable industry and government dynamics support demand for energy saving technologies and consulting services

High Quality Portfolio of Products & Services

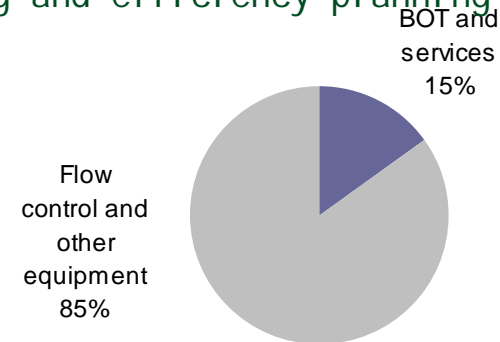
Flow Control Systems

- § Flow control system equipment regulates the transportation of water, oil, heat and gas and is the key factor in determining the efficiency in all pipeline systems
- § 20% reduction in energy use after installation
- § “Number One Energy Conservation Valve of China” by the Chinese Energy Conservation Association
- § Only company in China with manufacturing capacity to produce the automatically controlled super-sized butterfly valves



Energy Consulting Services

- § Technology and consulting services on energy optimization design, re-engineering of energy saving pipeline systems and energy management services for the varieties of industries and municipal development
- § Target large factories, hospitals, schools or other institutions to reduce energy use and emissions through energy auditing and efficiency planning



2009E Revenues: \$20-21mm

Partnerships with Key Energy Saving Players

NF Energy has teamed up with some of the leading companies in Energy Efficiency field to provide cutting edge comprehensive energy saving solutions to its clients



- § Cooperation agreement with GE Enterprise Development Shanghai since 2009
- § Technical consulting services and advices
- § The Company's strategic cooperation with GE will be expanded to energy saving BOT projects



- § Cooperation agreement since 2008 to establish strategic partnership in developing integrated energy saving and reconstruction projects
- § NF Energy provides energy saving and reconstruction solutions regarding the heat, water and cooling systems



- § Agreement on experimental project of concentration technology of low concentration coal bed methane in Fuxin Mining Administration Bureau
- § Expected to get provincial and national identification, after which, the technology will be promoted in domestic coal companies

Competitive Advantages

Advantaged over International Competitors

- § Lower cost structure with competitive product performance
- § Deep understanding of the domestic valve industry with strong local relationships
- § China-based R&D efforts, closer to end market
- § IP protection

Advantaged over Local Competitors

- § Well-known brand with extensive market experience & strong reputation
- § Established relationships with reputable domestic and international customers
- § Economy of scale and significant order volumes
- § Higher product quality with competitive cost structure
- § Strong R&D capabilities & IP protection
- § The only Company in China to have the manufacturing capacity to produce the automatically controlled super-sized (above 4 meters in diameter) butterfly valves

Income Statement

NF Energy has demonstrated consistently strong growth and margins, and expects this to continue over the coming years

Selected Income Statement Items

\$mm, FYE 12/31

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>LTM 9/30/09</u>	<u>CAGR '06-'08</u>
Revenues	\$5.3	\$10.3	\$15.8	\$19.3	73.4%
<i>y-o-y growth</i>		96.2%	53.2%	-	
EBITDA	1.3	2.3	3.8	5.1	68.0%
<i>y-o-y growth</i>		73.3%	62.8%	-	
<i>EBITDA Margin</i>	25.5%	22.5%	23.9%	26.2%	
EBIT	1.2	2.1	3.5	4.8	73.7%
<i>Margin</i>	21.9%	19.9%	22.0%	24.6%	
Net Income	\$0.8	\$2.1	\$3.7	\$4.4	114.9%
<i>Margin</i>	15.0%	20.0%	23.1%	22.8%	
Diluted EPS	\$0.61	\$0.19	\$0.29	\$0.35	NM
<i>y-o-y growth</i>		-68.5%	52.3%	-	

Balance Sheet

Balance Sheet	9/30/09
<i>\$000</i>	(Unaudited)
Current assets:	
Cash and cash equivalents	\$465.8
Accounts receivable, trade	12,106.4
Retention receivable	974.4
Inventories	807.3
Prepayments and other receivables	819.7
Total current assets	15,173.5
Plant and equipment, net	4,396.8
Construction in progress	5,654.0
Total Assets	\$25,224.3
Accounts payable, trade	\$3,701.9
Customer deposits	115.8
Value added tax payable	156.6
Income tax payable	317.3
Current portion of obligation under fin lease	425.1
Other payables and accrued liabilities	285.9
Total current liabilities	5,002.6
Obligation under finance lease	831.0
Total Liabilities	5,833.7
Total stockholders' equity	19,390.7
Total Liabilities and Stockholder's Equity	\$25,224.3

Trading Comparable Companies

Trading Comparables for NF Energy Saving Corp.

(All dollars in millions, except per share data)

Company	2/24/10 Share Price	% of 52 Wk High	52 Week Range		Market Value ⁽¹⁾	Enterprise Value ⁽²⁾	Enterprise Value (EV) as a Multiple of		P/E LTM
			High	Low			Revenues	EBITDA	
							LTM	LTM	
RINO International Corporation	\$19.62	55.8%	\$35.15	\$2.00	\$561.2	\$541.4	3.0x	12.2x	12.2x
CIRCOR International, Inc.	32.27	99.4%	32.48	17.43	548.3	471.2	0.7	5.3	NM
SmartHeat Inc.	12.37	66.5%	18.60	4.11	405.6	351.8	5.9	21.5	22.7
China Valves Technology, Inc.	11.84	90.9%	13.03	2.4	404.2	394.5	4.4	112.2	NM
Gorman-Rupp Co.	23.35	78.4%	29.79	14.5	390.2	360.0	1.4	10.4	21.4
Shengkai Innovations, Inc.	8.13	77.0%	10.56	1.85	187.1	152.2	3.3	6.9	15.4
China Recycling Energy Corp	3.90	78.8%	4.95	1.18	151.2	158.2	3.4	20.1	15.6
Furmanite Corporation	3.59	70.8%	5.07	2.35	131.7	130.8	0.5	9.0	20.6
Average							2.8x	24.7x	18.0x
Median							3.2x	11.3x	18.1x
NF Energy Saving Corp.	\$3.55	17.8%	\$20.00	\$0.21	\$47.2	\$48.0	2.5x	9.5x	10.1x
<i>Premium (Discount to Average)</i>							<i>(11.6%)</i>	<i>(61.6%)</i>	<i>(43.7%)</i>

Company	Balance Sheet		Revenues	EBITDA	EPS
	Cash	Debt	LTM	LTM	LTM
RINO International Corporation	29.0	9.2	180.4	44.4	1.61
CIRCOR International, Inc.	86.7	9.7	686.5	89.2	(4.92)
SmartHeat Inc.	60.3	6.6	59.9	16.3	0.55
China Valves Technology, Inc.	16.7	6.9	89.7	3.5	(0.18)
Gorman-Rupp Co.	45.9	15.0	266.2	34.8	1.09
Shengkai Innovations, Inc.	37.2	2.3	45.6	22.1	0.53
China Recycling Energy Corp	5.7	12.4	46.2	7.9	0.25
Furmanite Corporation	36.2	35.4	285.0	14.5	0.17
NF Energy Saving Corp.	\$0.5	\$1.3	\$19.3	\$5.1	\$0.35

Note: Projections for relevant companies based on Wall Street Research.

(1) Stock price multiplied by diluted shares outstanding. Diluted shares outstanding computed using the Treasury stock method.

(2) EV equals equity value plus net debt (ST and LT debt + "out of the money" convertible debt + preferred stock + minority interest - cash and cash equivalents).

Investment Highlights

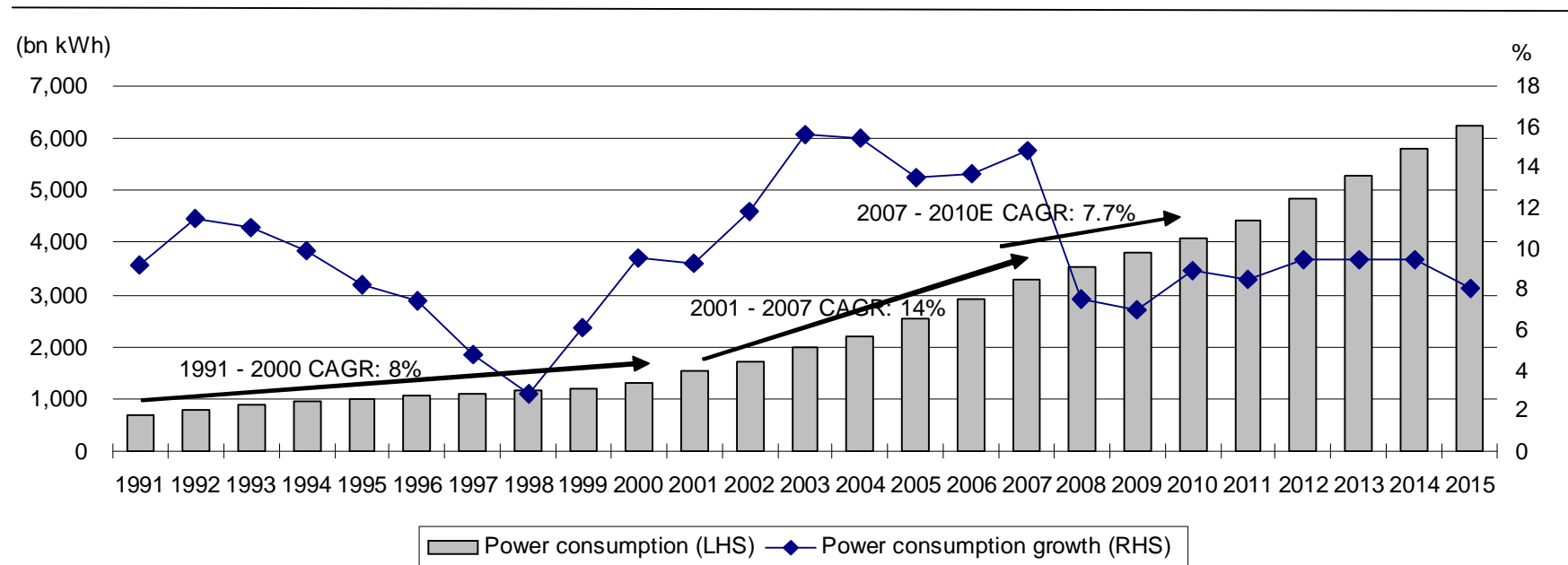
- § **Large and Growing Industry with High Barriers to Entry**
- § **Favorable Economic and Government Dynamic**
- § **Leading Market Position**
- § **Proven High Quality Portfolio of Services, Products and Manufacturing Capabilities**
- § **Strong Financial Performance**
- § **Well Established Industry Reputation and Extensive Partnerships with Strategic Industry Players**
- § **Strong R&D and Portfolio of Patents**
- § **Experienced Management Team with Proven Track Record**

Appendix

Growing China Power Consumption

§ Rapid GDP growth has driven China's power consumption growth for the past decade

§ Conservative expectations show between 8.5% and 9.4% year-on-year power consumption growth from 2010 to 2015



Source: National Bureau of Statistics of China, China Electricity Council, State Grid Corp. of China, CEIC, Credit Suisse estimates

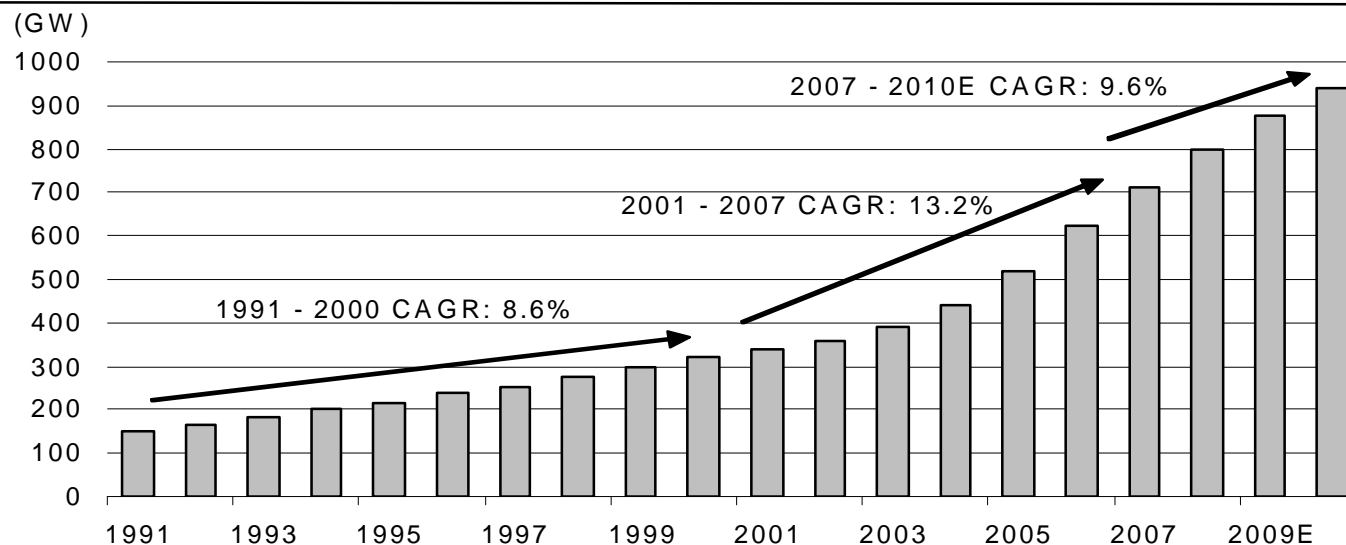
Installed Power Generation Capacity

China continues to expand its power generation capacity to support long-term economic growth

§ China currently has 800GW of generation capacity, ranking the second largest installed capacity in the world behind the US

§ China is expected to add 140GW of new power generation between now and 2010

Installed power generation capacity in China



Source: National Bureau of Statistics of China, Credit Suisse estimates

China Prioritizes Energy Savings

China is focusing on improving energy efficiency and has announced “Ten Key Projects for Energy Saving” in the 11th Five Year Plan (2006-2010)

Key Projects		11 th FYP Stated Energy-Saving Goals
1	Renovation of coal-fired industrial boilers	35 million tons standard coal during 11 th FYP
2	District level combined heat and power projects	35 million tons standard coal during 11 th FYP
3	Waste heat and pressure utilization	4 million tons standard coal per year
4	Oil conservation and substitution	4 million tons standard coal per year
5	Motor system energy efficiency	20 Twh per year
6	Energy systems optimization	Not stated
7	Energy efficiency and conservation in buildings	50 million tons standard coal during 11 th FYP
8	Energy-efficient lighting saving	29 Twh per year
9	Government procurement energy efficient products	Not stated
10	Monitoring and evaluation systems	Not stated

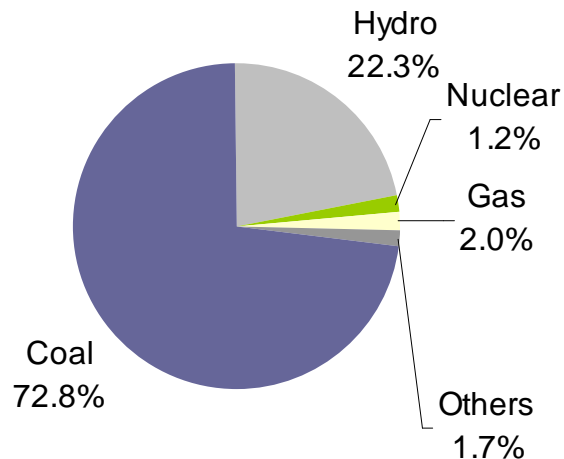
Power Generation Distribution

China's power generation facilities overwhelmingly depend on coal, although the share of "clean" coal facilities is expected to increase in the next decade

§ Hydropower, nuclear and others are expected to gain more than 2% of the total power generation distribution mix, with nuclear power capacity share increasing by over 1.5x

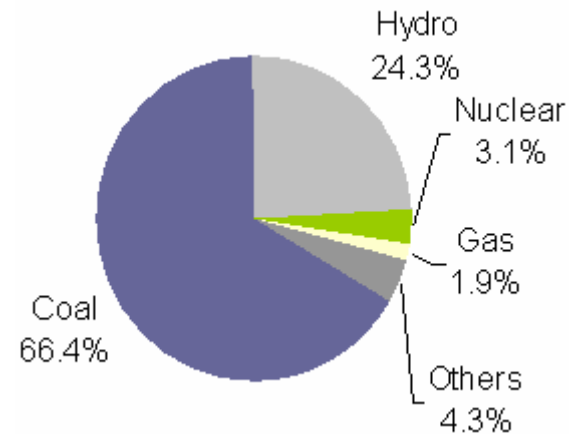
§ Wind power will be a key driver among the "others" category

China's installed capacity - 2010E



Source: State Grid, Credit Suisse estimates

China's installed capacity - 2020E



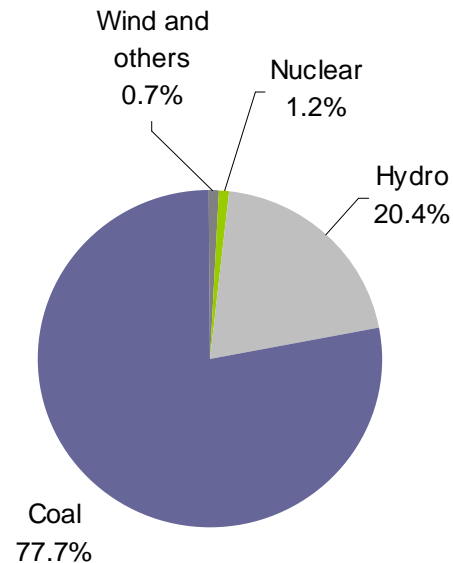
Source: State Grid, Credit Suisse estimates

Power Generation Distribution

Inefficient coal power currently makes up more than 75% of power generation capacity

§ By the end of 2007, coal power generation contributed to 77.7% of China's installed capacity, versus 20.4% for hydropower, 1.2% for nuclear and 0.7% for wind and others

China's installed capacity mix - 2007



Source: China Electric Council (CEC), Credit Suisse research

South-to-North Water Diversion Project

Large national projects also demand large scale equipments from qualified providers

§ Originally conceived by Chairman Mao, the project will channel water from the country's longest river, the Yangtze, to three rivers in the north: the Yellow, Huai and Hai, whose basins are running dry

§ Planned for completion in 2050, it will eventually divert 44.8bn m³ of water annually to the population centers of the drier north, with a network of over 3,000km pipes and a cost of over \$62 billion

§ NF Energy recently supplied \$1.7 million of flow control systems equipment for Phases I and II of the project's Central Route and expects to deliver additional product as the project progresses



Energy Services - Case Study

XX Mining Bureau Methane Project

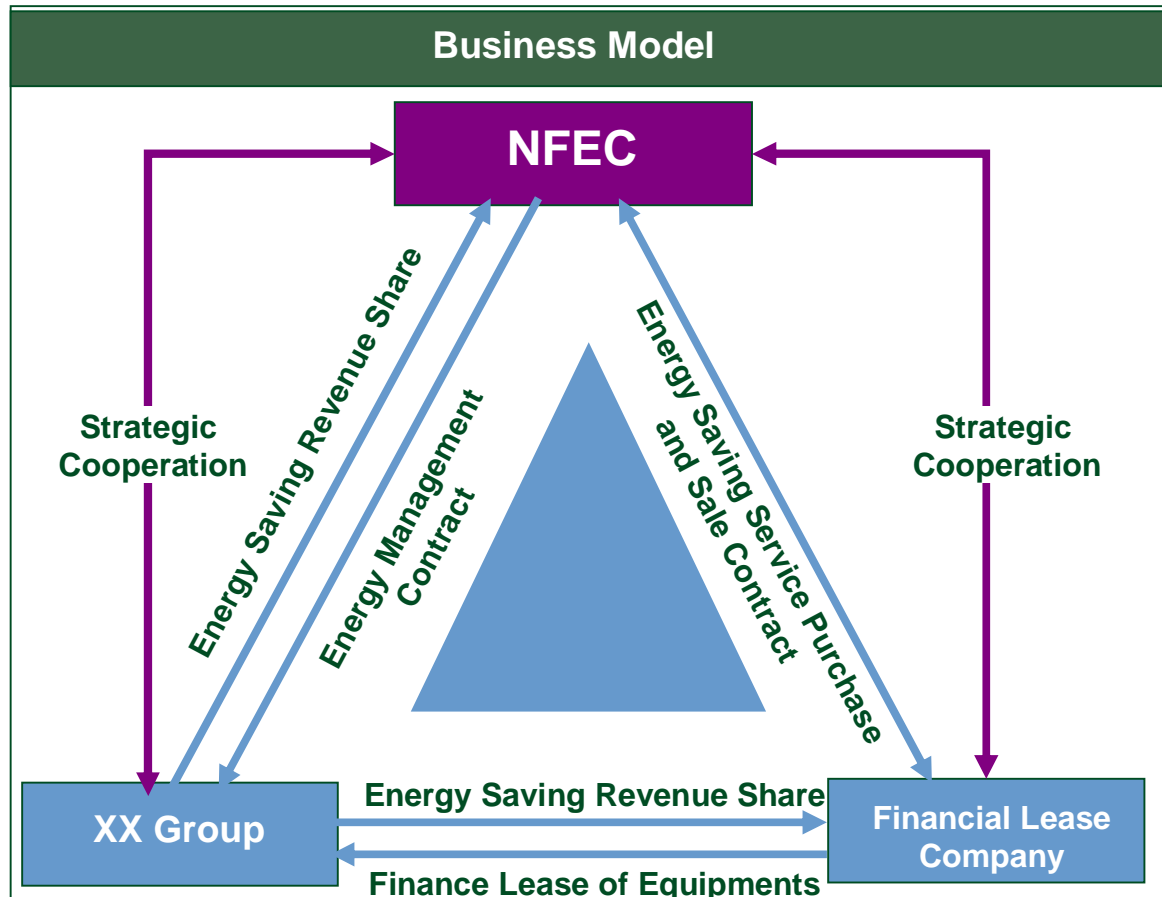
- § Purpose: To remove and utilize the Methane in XX coal mine to produce electricity
- § Background: NF Energy invested RMB14.1 million for equipment including internal combustion engines, gas pipe lines, water cooling system, electrical system, transformers, automated monitoring system and other ancillary facilities
- § Construction time: 4 months
- § Revenue split: 80% to NF Energy
- § Term: 3 years. After which the electric generation equipment reverts back to XX Mining Bureau
- § Return: Unlevered IRR of 18% - Company will explore leverage options on future projects

Project Economic Benefits

Annual Electricity Output	25,200,000 kWh
Price	RMB0.29 / kWh
Annual Income	RMB7.3 m
- NF Energy	RMB5.8 m
- XX Mining Bureau	RMB1.5 m
Total Income (3 years)	RMB21.9 m
- NF Energy	RMB17.4 m
- XX Mining Bureau	RMB4.5 m

Energy Management Contract (“EMC”)

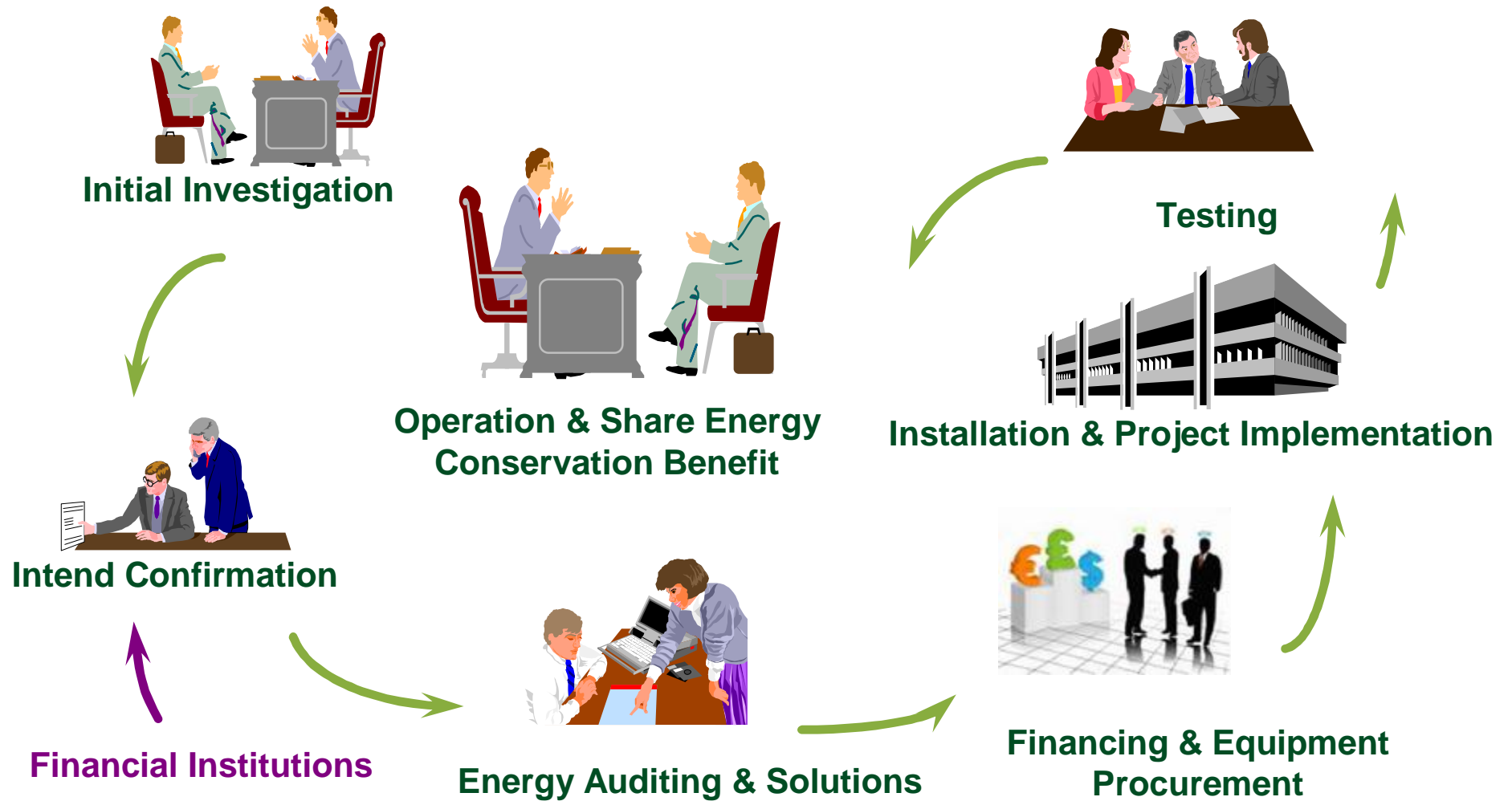
§ All-Win Model



Three ways to apply EMC projects

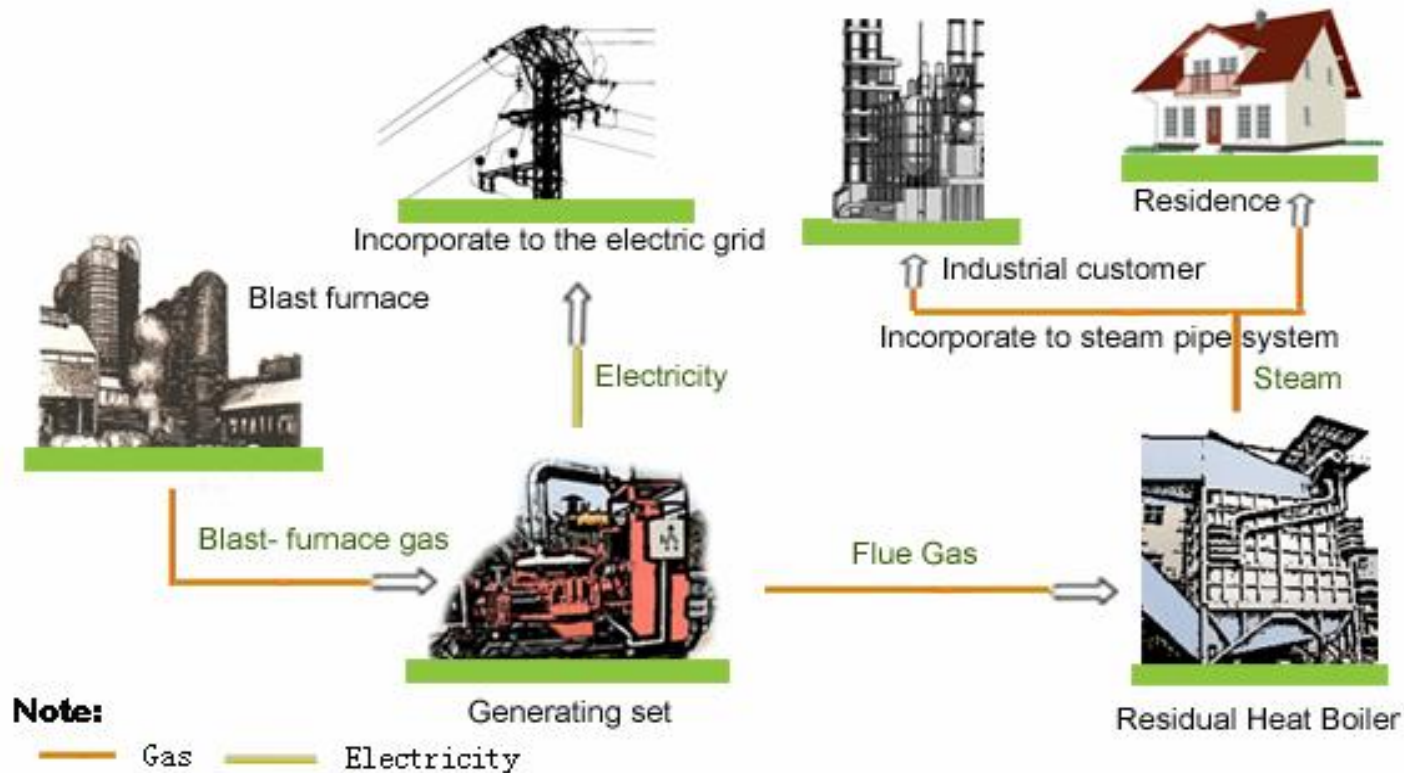
- 1) Energy Management Contract (“EMC”) between NFEC and XX Group
- 2) Financial lease contract between financial lease company and XX Group
- 3) Energy Saving Service Purchase and Sale Contract between NFEC and financial lease company in some cases

Project Business Process



Waste Heat Utilization-BFG

Skech map of blast furnace residual heat utilization process



Methane Utilization

Skech map of Methane utilization process

