Datang Environment Industry Group Co., Ltd.*
大唐環境產業集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1272)

ANNOUNCEMENT

NEGATIVE PROFIT ALERT FOR 2019 ANNUAL RESULTS

This announcement is made by Datang Environment Industry Group Co., Ltd. (the "**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. ESTIMATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Based on the unaudited management accounts for the year ended 31 December 2019 of the Company, the profit before tax of the Company for the year ended 31 December 2019 is estimated to record a decrease of approximately 60% to 70%, as compared with the same period in 2018, while the actual situation is subject to the confirmation upon the audit of the financial results of the Company for the year ended 31 December 2019 by the external auditor of the Company.

II. REASONS FOR CHANGES IN RESULTS

On preliminary estimation made by the Company based on the unaudited management accounts for the year ended 31 December 2019, the decrease in profit before tax of the Company for the year ended 31 December 2019 as compared with the same period in 2018 is mainly attributable to:

1. the slowdown in the growth rate of the thermal power industry, flue gas treatment engineering market of the thermal power industry has shrunk sharply, leading to a significant decline in the income and profits of the environmental protection facilities engineering business of the Company;

2. increase in cost due to the price rise of major raw materials such as limestone for the environmental protection facility concession operation business of the Company; and

3. the provision for impairment losses on retired assets due to the discontinued use of certain existing equipment after completion of the technical transformation for certain environmental protection facility concession operation projects.

III. RISK WARNING

The Company is still in the process of finalising its annual results for the year ended 31 December 2019. The information contained in this announcement is only based on the information available to the board (the "**Board**") of directors (the "**Directors**") of the Company for the time being, which has yet to be reviewed by the auditor of the Company. Specific financial information will be disclosed in detail in the 2019 annual results of the Company to be published later. Potential investors and shareholders of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Datang Environment Industry Group Co., Ltd.*
Jin Yaohua
Chairman

Beijing, the PRC, 27 February 2020

As of the date of this announcement, the non-executive Directors are Mr. Jin Yaohua, Mr. Liu Quancheng, Mr. Liu Ruixiang and Mr. Li Zhenyu; the executive Directors are Mr. Hou Guoli and Mr. Wang Yanwen; and the independent non-executive Directors are Mr. Ye Xiang, Mr. Mao Zhuanjian and Mr. Gao Jiaxiang.

* *For identification purposes only*