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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)

INSIDE INFORMATION SUBSEQUENT PROGRESS OF ARBITRATION

This announcement is made by Datang Environment Industry Group Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) 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).

Reference is made to the announcement in relation to the results of arbitration (“**Announcement in relation to the Results of Arbitration**”) of the Company dated 18 June 2020 and the announcement in relation to the progress of arbitration (the “**Announcement in relation to the Progress of Arbitration**”) of the Company dated 8 September 2020. Unless the context required otherwise, terms shall have the same meanings as ascribed to them in the Announcement in relation to the Results of Arbitration and the Announcement in relation to the Progress of Arbitration.

OVERVIEW OF ARBITRATION

In November 2016, Datang Technologies and Engineering, a subsidiary of the Company, and two other third parties have entered into arrangement with Datang Hami 13th Division Clean Energy Development Co., Ltd. (the “**Proprietor**”) to construct a wind farm. As required by the arrangement, Datang Technologies and Engineering purchased 33 wind turbines from Jiuding Tiandi Wind Power. In March 2017, Jiuding Tiandi Wind Power received a notice from the Proprietor that the construction of the wind farm may be suspended. After a series of negotiation between the parties, Jiuding Tiandi Wind Power brought an arbitration proceeding against Datang Technologies and Engineering in December 2018. In June 2020, the arbitration authority ruled that Datang Technologies and Engineering shall compensate Jiuding Tiandi Wind Power for economic losses in an aggregate amount of RMB98,865,000 (the “**Arbitration Decision**”).

On 21 June 2020, Datang Technologies and Engineering submitted an application to the No.4 Intermediate People’s Court of Beijing Municipality (the “**Local Court**”) to overrule the Arbitration Decision.

In September 2020, Datang Technologies and Engineering received the civil ruling (the “**Ruling**”) dated 3 September 2020 issued by the Local Court. Pursuant to the Ruling, the application by Datang Technologies and Engineering to overrule the Arbitration Decision was dismissed by the Local Court. Subsequently, Datang Technologies and Engineering and Jiuding Tiandi Wind Power reached an agreement on the compensation amount.

Datang Technologies and Engineering has made a claim to the Proprietor for the recovery of Full Compensation for Losses in accordance with the relevant laws and regulations (the “**Claim**”).

SUBSEQUENT PROGRESS OF ARBITRATION

In respect of the aforementioned Claim, Datang Technologies and Engineering has signed a compensation agreement (the “**Compensation Agreement**”) with the Proprietor in September 2021, agreeing that the Proprietor shall pay Datang Technologies and Engineering compensation totaling RMB49,432,300 (the “**Compensation Amount**”), which shall take effect upon signing, and up to 31 December 2021, the Proprietor shall complete the payment of the Compensation Amount to Datang Technologies and Engineering in installments, and Datang Technologies and Engineering shall provide the financial receipt of the corresponding amount.

IMPACT OF THE ABOVE MATTERS ON THE FINANCIAL AND OPERATION POSITION OF THE GROUP AS OF 31 DECEMBER 2020

According to the annual report of the Company for the year ended 31 December 2020, as of 31 December 2020, the total compensation amount of RMB102,103,000 has been included in other expenses of the Group as compensation losses. As of 31 December 2020, the Group has paid compensation amount of RMB16,630,000, and the remaining amount of RMB85,473,000 has been included in other payables.

IMPACTS OF THE ABOVE MATTERS ON THE GROUP’S PROFIT FOR THE CURRENT OR SUBSEQUENT PERIOD

The compensation payable to Jiuding Tiandi Wind Power by the Group in the current period is being paid in accordance with the payment plan, and the aforementioned Proprietor’s Compensation Amount is expected to increase the profit of the Group for the current period by RMB49,432,300.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Datang Environment Industry Group Co., Ltd.*
Wang Yanwen
Chairman

Beijing, the PRC, 9 September 2021

As of the date of this announcement, the executive directors of the Company are Mr. Wang Yanwen and Mr. Tian Dan; the non-executive directors of the Company are Mr. Wang Junqi, Mr. Wu Daqing and Mr. Chen Kan; and the independent non-executive directors of the Company are Mr. Ye Xiang, Mr. Mao Zhuanjian and Mr. Gao Jiexiang.

* *For identification purpose only*