

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
CONNECTED TRANSACTION – DISPOSAL OF ASSET

ASSET TRANSFER AGREEMENT

The Board is pleased to announce that, on 21 May 2026, Water Engineering & Technology Yan'an Branch, a branch of the Company's wholly-owned subsidiary, Water Engineering & Technology, entered into the Asset Transfer Agreement as vendor, with Datang Yan'an Thermal Power Plant, as a purchaser. According to the Asset Transfer Agreement, Water Engineering & Technology Yan'an Branch has conditionally agreed to sell and Datang Yan'an Thermal Power Plant has conditionally agreed to acquire, the Target Assets at a consideration of RMB57,811,814.74.

LISTING RULES IMPLICATIONS

As China Datang directly held approximately 78.17%, and through its wholly-owned subsidiary, China Datang Group Capital Holding Co., Ltd.* (中國大唐集團資本控股有限公司), held 0.79% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder of the Company. Datang Shaanxi Power is a wholly-owned subsidiary of China Datang and Datang Yan'an Thermal Power Plant is a wholly-owned branch of Datang Shaanxi Power. Datang Yan'an Thermal Power Plant is therefore indirectly wholly-owned by China Datang. Pursuant to Chapter 14A of the Listing Rules, Datang Yan'an Thermal Power Plant is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Disposal exceed 0.1% but all are less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) (a) of the Listing Rules.

INTRODUCTION

On 21 May 2026, Water Engineering & Technology Yan'an Branch, as a vendor, entered into the Asset Transfer Agreement with Datang Yan'an Thermal Power Plant, as a purchaser. According to the Asset Transfer Agreement, Water Engineering & Technology Yan'an Branch has conditionally agreed to sell and Datang Yan'an Thermal Power Plant has conditionally agreed to acquire, the Target Assets at a consideration of RMB57,811,814.74.

ASSET TRANSFER AGREEMENT

The principal terms of the Asset Transfer Agreement are summarized as follows:

Date:	21 May 2026 (after trading hours)
Parties:	(1) Water Engineering & Technology Yan'an Branch (as the vendor); and (2) Datang Yan'an Thermal Power Plant (as the purchaser)
Principal terms:	According to the Asset Transfer Agreement, Water Engineering & Technology authorized Water Engineering & Technology Yan'an Branch to act as the vendor, whereby Water Engineering & Technology Yan'an Branch agreed to sell and Datang Yan'an Thermal Power Plant agreed to acquire the Target Assets.
Target Assets:	The Target Assets are all the assets under The Water Management Centre Project of Yan'an Thermal Power Plant (延安熱電水務管理中心項目) (“ Project ”), including a number of buildings, building structures, machinery equipment and electronic equipment owned by the Water Engineering & Technology.
Consideration and basis of determination:	The consideration of the Target Assets is RMB57,811,814.74 (tax inclusive). The tax-exclusive transfer price is RMB51,160,898.00. The aforesaid consideration was determined after arm's length negotiations between the Water Engineering & Technology and Datang Yan'an Thermal Power Plant with reference to the appraised market value of the Target Assets of RMB51,160,898.00 (tax exclusive) on the Appraisal Reference Date, which was appraised by the PRC Independent Valuer using the Cost Method in the Asset Valuation Report.

Payment terms: The consideration of the Target Assets shall be paid by the Datang Yan'an Thermal Power Plant to Water Engineering & Technology Yan'an Branch in two instalments:

1. The first instalment in the amount of 60% of the consideration (being RMB34,687,088.84) shall be paid within 3 months from the effective date of the Asset Transfer Agreement;
2. The second instalment in the amount of the remaining 40% of the consideration (being RMB23,124,725.90) shall be paid within 6 months from the effective date of the Asset Transfer Agreement.

Terms of performance: After the Asset Transfer Agreement becomes effective, Water Engineering & Technology Yan'an Branch shall issue a full invoice to Datang Yan'an Thermal Power Plant. Within 90 days thereafter, Datang Yan'an Thermal Power Plant shall complete the asset book-entry of the Target Assets, and simultaneously the parties shall complete the handover of the Target Assets, the relevant title proof documents and technical information; ownership of the Target Assets shall be transferred from the date on which the handover confirmation documents are signed.

Datang Yan'an Thermal Power Plant shall complete the registration of certificates in respect of the transfer of ownership of the Target Assets, and Water Engineering & Technology Yan'an Branch shall provide the necessary assistance and cooperation.

Taxes and transaction expenses arising from the transfer of the Target Assets shall be borne by the parties respectively in accordance with applicable requirements.

Conditions Precedent: The transfer of Target Assets is subject to the following conditions:

1. Water Engineering & Technology and Water Engineering & Technology Yan'an Branch have, in accordance with the law, completed relevant procedures including internal approval process and asset evaluation regarding the Target Assets;

2. Datang Yan'an Thermal Power Plant has fully understood the information in relation to the Target Assets and agreed with the terms and conditions proposed by Water Engineering & Technology Yan'an Branch under the Asset Transfer Agreement; and
3. Datang Yan'an Thermal Power Plant agreed to acquire the Target Assets owned by Water Engineering & Technology in accordance with the provisions of the Asset Transfer Agreement.

Method of Transfer: Water Engineering & Technology shall issue an authorization letter for disposal of Target Assets to Water Engineering & Technology Yan'an Branch, authorizing Water Engineering & Technology Yan'an Branch to transfer the Target Assets under the Asset Transfer Agreement which are owned by Water Engineering & Technology.

INFORMATION ABOUT THE TARGET ASSETS

The Target Assets are all the assets under the Project located at the Datang Yan'an Thermal Power Plant in Baota District, Yan'an City, Shaanxi Province, the PRC, including a number of buildings, building structures, machinery equipment and electronic equipment owned by Water Engineering & Technology (a total of 138 items), including:

1. Buildings: a total of 9 items, being production and ancillary buildings with a total construction area of approximately 5,900 square meters located inside the premises of Datang Yan'an Thermal Power Plant in Yan'an City, Shaanxi Province of the PRC;
2. Building structures: a total of 5 items, including outdoor structures, plant-area buildings, plant-area roads and squares, plant-area channels and tunnels, and a mechanical accelerated clarifier tank;
3. Machinery equipment: a total of 116 items, including equipment used for the water treatment system, electrical system, thermal instrumentation and control system and ancillary production works; and
4. Electronic equipment: a total of 8 items, including desktop computers, printers and other office equipment.

The Target Assets are free from any form of guarantee, mortgage, or any restrictions or obligations that would affect the transfer of the assets. They have not been subject to any compulsory measures such as seizure by any competent authority.

As at Appraisal Reference Date, the audited net book value and original book value of the Target Assets were RMB46,661,529.01 and RMB76,019,345.09, respectively. By contrast, the appraised market value of the Target Assets was RMB51,160,898.00 (tax exclusive) as determined by the PRC Independent Valuer in adopting the cost method by multiplying the replacement cost of the Target Assets by its newness rate (the “**Cost Method**”). The replacement cost is determined based on the estimated costs required to replace the assets in their current state as at the Appraisal Reference Date. For buildings and machinery, this primarily includes construction or purchase costs, preliminary and other project fees, and the cost of capital. The newness rate is determined through the comprehensive analysis taking into account the theoretical remaining useful lives of the assets and their actual technical conditions as observed during on-site inspections, including factors such as equipment load, maintenance status, and operational environment.

The appraised market value of Target Assets was significantly higher than its net book value, mainly because (i) the replacement cost of the buildings and structures increased as a result of the rise in labor, material, and machinery costs since the time of original construction; and (ii) the estimated useful lives of the buildings and structures adopted for the valuation were longer than the depreciation periods used for accounting purposes, resulting in a higher newness rate compared to the net book value.

Upon reviewing the Asset Valuation Report, the Board (including the independent non-executive Directors) is of the view that the conclusions made by the PRC Independent Valuer on the Target Asset using the Cost Method are fair and reasonable.

FINANCIAL EFFECTS OF THE TRANSFER OF TARGET ASSETS ON THE GROUP

Upon completion of the Disposal, the Group will no longer have any rights or interests in the Target Assets. The exact financial effect of the Disposal is subject to audit and will be determined based on the difference between the consideration received and the audited net book value of the Target Assets at the time of completion, after deducting relevant taxes and expenses in relation to the Disposal. For illustration purpose, the audited net book value of the Target Assets as at 31 December 2025 was RMB44,378,481.36, and after deducting the relevant expenses in relation to the Disposal, the Group is expected to record an actual gain of approximately RMB5,820,100 (before tax), subject to audit.

USE OF PROCEEDS FROM THE TRANSFER OF TARGET ASSETS

The proceeds from the Disposal are expected to be used for general working capital and other business investments of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As the Project has remained in a loss-making position, and its future profitability is uncertain, the Directors are of the view that the Project cannot realise a long-term commercial benefit. Thus, the Disposal is conducted to optimize the Group's asset structure, revitalize existing assets, and recover investment funds. The Directors are of the view that the Disposal allows the Company to allocate the recovered funds to other potential investment projects and improve the overall asset utilization efficiency of the Group.

Based on the above, the Directors (including independent non-executive Directors) are of the view that the terms of the Asset Transfer Agreement and the Disposal thereunder are entered into based on arm's length negotiations and on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As China Datang directly held approximately 78.17%, and through its wholly-owned subsidiary, China Datang Group Capital Holding Co., Ltd.* (中國大唐集團資本控股有限公司), held 0.79% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder of the Company. Datang Shaanxi Power is a wholly-owned subsidiary of China Datang and Datang Yan'an Thermal Power Plant is a wholly-owned branch of Datang Shaanxi Power. Datang Yan'an Thermal Power Plant is therefore indirectly wholly-owned by China Datang. Pursuant to Chapter 14A of the Listing Rules, Datang Yan'an Thermal Power Plant is a connected person of the Company. Accordingly, the Disposal constitutes connected transaction of the Company under the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Disposal exceed 0.1% but all are less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) (a) of the Listing Rules.

Mr. Xu Chun, Mr. Pang Xiaojin, Mr. Xia Huaixiang and Mr. Chu Hongbo are holding positions in China Datang or its subsidiaries and therefore have abstained from voting at relevant Board meeting approving the Asset Transfer Agreement and the Disposal thereunder. Save as disclosed above, all Directors have confirmed that they have no material interests in the Asset Transfer Agreement and the Disposal thereunder.

GENERAL INFORMATION

China Datang is a state-owned enterprise established in the PRC in April 2003 and is the controlling shareholder of the Company. China Datang is primarily engaged in the development, investment, construction, operation and management of electric power energy; organization of power (thermal) production and sales; manufacture, maintenance and commissioning of electric power equipment; power technology development and consultation; contracting and consulting of electric power engineering and environmental protection projects; development of renewable power; and self-operating and being an agent for import and export of any kind of goods and technology save for those where the import or export of the goods and technology are restricted or prohibited by national laws and regulations.

The Company is a non-wholly-owned subsidiary of China Datang, and is the sole platform for the development of environmental protection and energy conservation business under China Datang Group, one of the five major state wholly-owned power generation groups in the PRC.

Water Engineering & Technology is a wholly-owned subsidiary of the Company. The principal business of Water Engineering & Technology includes the provision of technology services, energy saving technology promotion services and water engineering business.

Water Engineering & Technology Yan'an Branch was established on 22 February 2016 and is a branch of Water Engineering & Technology, a wholly-owned subsidiary of the Company. The principal business of Water Engineering & Technology Yan'an Branch includes water pollution treatment and specialized contracting.

Datang Shaanxi Power is a company established on 22 January 1996 in accordance with the PRC laws and a wholly-owned subsidiary of China Datang, the controlling shareholder of the Company. The principal business of Datang Shaanxi Power includes production and supply of electricity and heat energy.

Datang Yan'an Thermal Power Plant was established on 20 June 2008 and is indirectly wholly-owned by China Datang, the controlling shareholder of the Company. The principal business of Datang Yan'an Thermal Power Plant includes development and provision of electric power supply (including thermal power), relevant auxiliary products, maintenance and installation of power generation equipment, power application technologies and technological consultation, sale of electric power materials and products.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Appraisal Reference Date”	31 May 2025
“Asset Transfer Agreement”	the agreement entered into by Water Engineering & Technology Yan’an Branch and Datang Yan’an Thermal Power Plant on 21 May 2026
“Asset Valuation Report”	The Asset Valuation Report on the Market Value of the Assets under the Proposed Transfer of Assets by Datang (Beijing) Water Engineering & Technology Co, Ltd.* in Yan’an Shuidao Project (Guozhonglian Ping Bao Zi [2025] No.2-1712) 《(大唐(北京)水務工程技術有限公司擬進行資產轉讓所涉及的延安水島項目相關資產的市場價值資產評估報告》(國眾聯評報字(2025)第2-1712號)) issued by the PRC Independent Valuer based on the Appraisal Reference Date
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“China Datang”	China Datang Corporation Ltd. (中國大唐集團有限公司), a state-owned enterprise established on 9 April 2003 in accordance with the PRC laws and the controlling shareholder and a promoter of the Company
“China Datang Group”	China Datang and its subsidiaries (excluding, for the purpose of this announcement, the Group)
“Company”	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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1272)
“connected person”	has the meaning ascribed under the Listing Rules
“controlling shareholder”	has the meaning ascribed under the Listing Rules

“Datang Yan’an Thermal Power Plant”	Datang Shaanxi Power Generation Co., Ltd. Yan’an Thermal Power Plant* (大唐陝西發電有限公司延安熱電廠), a branch (有限責任公司分公司) of Datang Shaanxi Power, which was established on 20 June 2008 in accordance with the PRC laws and indirectly wholly-owned by China Datang, the controlling shareholder of the Company
“Datang Shaanxi Power”	Datang Shaanxi Power Generation Co., Ltd.* (大唐陝西發電有限公司), a company established on 22 January 1996 in accordance with the PRC laws and a wholly-owned subsidiary of China Datang, the controlling shareholder of the Company
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of Target Assets as contemplated under the Asset Transfer Agreement
“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC Independent Valuer”	Guozhonglian Asset Appraisal Land Real Estate Appraisal Co., Ltd.* (國眾聯資產評估土地房地產估價有限公司), an independent valuer
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiaries”	has the meaning ascribed under the Listing Rules
“Target Assets”	all the assets under the Project located at the Datang Yan’an Thermal Power Plant in Baota District, Yan’an City, Shaanxi Province, the PRC, including a number of buildings, building structures, machinery equipment and electronic equipment owned by the Water Engineering & Technology. Please refer to the section headed “Information about the Target Assets” in this announcement for further details
“Water Engineering & Technology”	Datang (Beijing) Water Engineering & Technology Co., Ltd.* (大唐(北京)水務工程技術有限公司), a company established on 11 June 2015 in accordance with the PRC laws and a wholly-owned subsidiary of the Company
“Water Engineering & Technology Yan’an Branch”	Datang (Beijing) Water Engineering & Technology Co., Ltd. Yan’an Branch*(大唐(北京)水務工程技術有限公司延安分公司), a branch of Water Engineering & Technology, which was established on 22 February 2016 in accordance with the PRC laws and wholly-owned by the Company
“%”	per cent

By order of the Board
Datang Environment Industry Group Co., Ltd.*
Zhu Liming
Chairman

Beijing, the PRC, 21 May 2026

As of the date of this announcement, the executive Director is Mr. Zhu Liming; the non-executive Directors are Mr. Xu Chun, Mr. Pang Xiaojin, Mr. Xia Huaixiang, Mr. Chu Hongbo and Ms. Wang Mi; and the independent non-executive Directors are Mr. Mao Zhuanjian, Mr. Suen Chun Hung, Benjamin and Ms. Hu Yunqing.

This announcement is available on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.dteg.com.cn).

* For identification purposes only