
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CHYY Development Group Limited (“Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中國恒有源發展集團有限公司
CHYY DEVELOPMENT GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

PROPOSED CHANGE OF AUDITOR AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of the Company to be held at 8/F., Chung Hing Commercial Building, 62–63 Connaught Road Central, Central, Hong Kong at 11:30 a.m. (Hong Kong time) on 10 November 2022, Thursday, (“**Extraordinary General Meeting**”) is set out on pages EGM-1 to EGM-2 of this circular.

If you do not intend to attend and vote at the Extraordinary General Meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as practicable but in any event by 11:30 a.m. (Hong Kong time), 8 November 2022, Tuesday or not less than 48 hours before the time appointed for the holding of the adjourned Extraordinary General Meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

This circular will remain on the “Latest Company Announcements” page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of publication and on the website of the Company at www.chyy.com.hk This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please see page 1 of this circular for various measures that might be implemented by the Company at the Extraordinary General Meeting to try to prevent and control the spread of the Novel Coronavirus (“**COVID-19**”) in view of the latest developments (including relevant regulatory restrictions as imposed by the Hong Kong Government). Possible precautionary measures include but are not limited to:

- (1) Body temperature check for each attendee
- (2) Wearing of a surgical face mask throughout the meeting by each attendee
- (3) No provision of refreshments or beverages
- (4) No distribution of corporate gift(s)

Any person who does not comply with the precautionary measures or is subject to any mandatory quarantine imposed by the Hong Kong Government on the date of the Extraordinary General Meeting will be denied entry into the meeting venue. The Company strongly recommends shareholders to exercise their rights to vote at the Extraordinary General Meeting by appointing the chairman of the Extraordinary General Meeting as their proxies and to return their forms of proxy by the time specified above, instead of attending the Extraordinary General Meeting in person.

14 October 2022

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

For Shareholders who would like to attend the EGM in person, please note that the following precautionary measures will be implemented by the Company at the EGM venue to safeguard the health and safety of the EGM attendees and to comply with the heightened requirements for the prevention and control of the spreading of COVID-19.

HEALTH AND SAFETY MEASURES TO BE TAKEN AT THE EGM

To safeguard the health and safety of the EGM attendees, the Company will also implement the following measures at the EGM: (1) compulsory temperature screening/checks will be carried out on every attendee at the main entrance of the EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms, may be denied entry into the EGM venue and be requested to leave the venue; (2) every attendee will be required to wear a surgical face mask at all times (including queuing for registration outside the EGM venue and throughout the EGM) and to sit at a distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should wear their own masks; (3) no refreshments or drinks will be provided to EGM attendees; and (4) no distribution of corporation gift(s).

Attendees are in addition requested to observe and practise good personal hygiene at all times. To the extent permitted by law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the venue so as to ensure the health and safety of the EGM attendees. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the website of the Company at www.chyy.com.hk for future announcements and updates on the EGM arrangements.

If Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Hong Kong Share Registrar of the Company, as follows:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Telephone: +852 2862 8555

Facsimile: +852 2865 0990

Email: hkinfo@computershare.com.hk

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Appointment”	the proposed appointment of BDO Limited as the new auditors of the Company, subject to the approval of the Shareholders at the EGM
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Company
“BDO”	BDO Limited, the new auditor of the Company proposed to be appointed at the EGM
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	CHYY Development Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM of the Stock Exchange
“Director(s)”	director(s) of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 8/F., Chung Hing Commercial Building, 62–63 Connaught Road Central, Central, Hong Kong at 11:30 a.m. on 10 November 2022, Thursday and any adjournment thereof, the notice of which is set out on pages EGM-1 to EGM-2 of this circular
“EY”	Ernst & Young
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	11 October 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company (or where there is any alteration to the nominal value of such share(s) after the passing of the relevant resolution(s) at the Extraordinary General Meeting, share(s) of such new nominal value in the share capital of the Company)
“Shareholder(s)”	holder(s) for the time being of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent.

LETTER FROM THE BOARD



中國恒有源發展集團有限公司
CHYY DEVELOPMENT GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

Executive Directors:

Mr. Xu Shengheng (*Chairman*)
Ms. Chan Wai Kay, Katherine
Mr. Dai Qi

Non-executive Directors:

Mr. Yang Wei
Mr. Zhang Yiying
Ms. Liu Ening

Independent Non-executive Directors:

Mr. Wu Desheng
Mr. Wu Qiang
Mr. Jia Wenzeng
Mr. Guan Chenghua

Registered office:

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

8/F., Chung Hing Commercial Building
62–63 Connaught Road Central
Central, Hong Kong

14 October 2022

To the Shareholders,

Dear Sir or Madam,

PROPOSED CHANGE OF AUDITOR AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purposes of this circular is to provide you with information regarding the resolution to be proposed at the Extraordinary General Meeting and to give you notice of the Extraordinary General Meeting.

PROPOSED CHANGE OF AUDITOR

Reference is made to the announcement of the Company dated 6 September 2022 in relation to the proposed change of auditor.

LETTER FROM THE BOARD

Ernst and Young (“EY”) has resigned as auditor of the Company with effect from 6 September 2022 as the Company could not reach a consensus with EY on the audit fee for the financial year ending 31 December 2022.

With the recommendation from the audit committee of the Company, the Board proposes to appoint BDO as the auditor of the Company and to hold office until the conclusion of the next general meeting of the Company. Pursuant to the Articles of Association of the Company, the proposed Appointment of BDO as the auditor will be subject to approval by the Shareholders at the Extraordinary General Meeting.

The Board further confirmed that EY has not yet commenced any audit work on the consolidated financial statements of the Group for the year ending 31 December 2022. The Board believes that the change of auditor will not have any impact on the annual audit of the Company for the year ending 31 December 2022.

In this connection, EY has confirmed that there are no matters that need to be brought to the attention of the Shareholders in connection with the proposed change of auditor. The Board has also confirmed that it is not aware of any matters that need to be brought to the attention of the Shareholders in connection with the aforesaid proposed change.

EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the Extraordinary General Meeting.

If you do not intend to attend and vote at the Extraordinary General Meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as practicable but in any event by 11:30 a.m., 8 November 2022, Tuesday or not less than 48 hours before the time appointed for the holding of the adjourned Extraordinary General Meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief, having made reasonable enquiries, the Directors confirm that no Shareholder is required to abstain from voting on any resolution to be proposed at the Extraordinary General Meeting.

LETTER FROM THE BOARD

Closure of register of members

To ascertain the entitlement to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from 7 November 2022, Monday to 10 November 2022, Thursday, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the Extraordinary General Meeting, all transfer documents of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. (Hong Kong time) on 4 November 2022, Friday.

COMPLIANCE OF THE ARTICLES OF ASSOCIATION AND THE GEM LISTING RULES

Pursuant to the Rules 156 of Articles of Association of the Company, the Directors shall as soon as practicable convene the Extraordinary General Meeting to allow the Shareholders to approve the proposed Appointment by an ordinary resolution.

Pursuant to Rule 17.47 of the GEM Listing Rules, any vote of the Shareholders at the general meetings must be taken by poll, except where the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands. Accordingly, the chairman of the meeting will demand a poll for every resolution put forward at the EGM pursuant to the Articles of Association.

RECOMMENDATION

The Directors consider that proposed change of auditor is in the best interests of the Company and its Shareholders as a whole, and accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions approving the proposed change of auditor at the Extraordinary General Meeting.

GENERAL INFORMATION

Your attention is drawn to the notice convening the Extraordinary General Meeting. The English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts in case of inconsistency.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board of
CHYY Development Group Limited
Xu Shengheng
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



中國恒有源發展集團有限公司
CHYY DEVELOPMENT GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of CHYY Development Group Limited (“**Company**”) will be held at 8/F., Chung Hing Commercial Building, 62–63 Connaught Road Central, Central, Hong Kong at 11:30 a.m. on 10 November 2022, Thursday to consider and, if thought fit, passing (with or without amendments) the following resolution of the Company as ordinary resolution:

ORDINARY RESOLUTION

1. to consider and appoint BDO as the auditor of the Company and its subsidiaries to fill the vacancy following the resignation of EY with immediate effect and to hold office until the conclusion of the forthcoming annual general meeting of the Company, and that the board of directors of the Company be and is hereby authorised to fix their remuneration.

By order of the Board
CHYY Development Group Limited
Xu Shengheng
Chairman

Hong Kong, 14 October 2022

Principal place of business in Hong Kong:

8/F., Chung Hing Commercial Building
62–63 Connaught Road Central
Central, Hong Kong

Registered office:

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. In order to ascertain the entitlement to attend and vote at the meeting convened by the above notice (“**Meeting**”), the register of members of the Company will be closed from 7 November 2022, Monday to 10 November 2022, Thursday, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the Meeting, all transfer documents of Shares accompanied by the relevant shares certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. (Hong Kong time) on 4 November 2022, Friday for registration.
2. A member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares of the Company may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Meeting. A proxy need not be a member of the Company.
3. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Shares shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under seal, or under the hand of an office or attorney duly authorised, and must be deposited with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) by 11:30 a.m. (Hong Kong time), 8 November 2022, Tuesday or not less than 48 hours before the time appointed for the holding of the adjourned Meeting (as the case may be).
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. As required under the GEM Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the resolution as set out in this notice to be put to vote at the Meeting will be decided by way of poll.

As at the date of this notice, the Board of Directors of the Company comprises Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine and Mr. Dai Qi as executive Directors, Mr. Yang Wei, Mr. Zhang Yiying and Ms. Liu Ening as non-executive Directors, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Jia Wenzeng and Mr. Guan Chenghua as independent non-executive Directors.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this notice is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this notice misleading.

This notice will remain on the “Latest Company Announcements” page of the Stock Exchange website www.hkexnews.hk for at least 7 days from the date of its publication. This notice will also be published on the Company’s website at www.chyy.com.hk.