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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)

INSIDE INFORMATION UPDATE ON LITIGATION

This announcement is made by the board (“Board”) of directors (“Directors”) of CHYY Development Group Limited (“the Company”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (“the GEM Listing Rules”) of the Stock Exchange of Hong Kong Limited (“the Stock Exchange”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcement dated 13 November 2020; (ii) the supplemental announcement dated 19 November 2020; (iii) the supplemental announcement dated 23 December 2020; (iv) the circular dated 26 January 2021 (the “Circular”); (v) the supplemental announcement dated 12 July 2020 published by the “Company” in respect of the very substantial disposal of approximately 4.99965% equity interest in Beijing Life Insurance Co., Ltd. (the “Disposal”); (vi) voluntary announcement litigation on a subsidiary dated 3 December 2021 and (vii) voluntary announcement in relation to court order against a subsidiary of the Company dated 13 January 2022.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement and the Circular.

On 17 November 2022, the Company received a civil judgement (the “Civil Judgement”) in respect of the litigation case No. (2021) Jing 01 Min Chu No.860 ((2021)京01民初860號) from the First Intermediate People’s Court of Beijing (the “Beijing Court”). According to the Civil Judgement, the Plaintiff filed an application from Shanghai Gangze against Ever Source Investment and Beijing Rungu, requesting Beijing Court to (i) order the cancellation of the Equity Transfer Agreement and the Supplemental Equity Transfer Agreement; (ii) order Ever Source Investment to return the equity transfer amount of RMB237,000,000 to Shanghai Gangze and compensate for the provisional interest loss of RMB8,217,995.83, totaling RMB245,217,995.83; (iii) order Beijing Rungu to bear joint and several liability for the aforementioned interest loss; and (iv) order Ever Source Investment and Beijing Rungu to bear the litigation costs, preservation fees and preservation guarantee fees for the

case. Ever Source Investment filed a counterclaim requested: 1. Ordered Shanghai Gangze to pay Ever Source Investment's legal fees of RMB200,000 in losses; and 2. the counterclaim fee should be borne by Shanghai Gangze.

After examination, the Beijing Court ruled that the Plaintiff shall perform that (i) Shanghai Gangze shall compensate Ever Source Investment for the loss of legal fees of RMB200,000 within 10 days after this judgment takes into effect; and (ii) reject all claims from Shanghai Gangze. If Shanghai Gangze failed to perform its monetary obligation within the period specified in this judgment, it shall pay double the debt interest during the delayed performance period in accordance with the provisions of Article 260 of the Civil Procedure Law of the People's Republic of China. The acceptance fee of the case, the property preservation fee and the acceptance fee of the counterclaim case are all borne by Shanghai Gangze.

If any party disagrees with this judgment, it may appeal to the Beijing Higher People's Court within 15 days from the date of delivery of the judgment.

The Company believes that the litigation and the Civil Judgement will not have any material adverse effect on the Group and the business and operations of the Group remain normal. The Company will keep the shareholders and potential investors of the Company informed of any further material development by way of announcement as and when appropriate.

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

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

Hong Kong, 17 November 2022

As at the date of this announcement, 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 Yiyang 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 announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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 announcement 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 announcement misleading.

This announcement will remain on the GEM website with the domain name of www.hkexnews.hk on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the website of the Company at www.chyy.com.hk.