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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CHYY Development Group Limited, you should at once hand this circular and accompanying proxy form to the purchaser or transferee or to the bank, stockbroker 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)

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an Annual General Meeting of CHYY Development Group Limited to be held at 8/F., Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong on Friday, 7 June 2024 at 11:00 a.m. is set out on pages 18 to 22 of this circular. A proxy form for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the meeting in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar 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 possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to be revoked. For the avoidance of doubt, holders of any treasury Shares shall abstain from voting at general meetings in respect of any treasury Shares held by them, if any.

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.

10 May 2024

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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DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at 8/F., Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong on 7 June 2024 at 11:00 a.m.
“Articles” or “Articles of Association”	the Memorandum and Articles of the Company
“Board”	the board of Directors
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CECEP”	China Energy Conservation and Environmental Protection Group* (中國節能環保集團有限公司), a state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“CECEP(HK)”	China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited* (中國節能環保(香港)投資有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by CECEP
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	CHYY Development Group Limited, Shares of which are listed on the GEM
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“Extension Mandate”	a general mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the General and Resale Mandate
“GEM”	the GEM of the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM as amended, supplemented or otherwise modified from time to time
“General and Resale Mandate”	the general mandate to issue Shares (including any sale or transfer of any treasury Shares) of the Company which will be proposed to be granted to the Directors at the AGM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s) respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	10 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchases Code”	the Hong Kong Code on Share Repurchases
“Repurchase Mandate”	the general mandate to repurchase Shares (excluding any treasury Shares) of the Company which will be proposed to be granted to the Directors at the AGM
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholders”	shareholders of the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America
“%”	percent

* *For identification purposes only*

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
Ms. Chan Wai Kay, Katherine
Mr. Dai Qi
Mr. Zhang Wei

Non-executive Directors:

Mr. Liao Yuan
Ms. Liu Ening
Mr. Zhang Yiyang

Independent non-executive Directors:

Mr. Wu Qiang
Mr. Guan Chenghua
Mr. Zhang Honghai

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

10 May 2024

To the Shareholders,

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular, among other matters, is to provide you with the relevant information regarding the granting of the General and Resale Mandate, the Repurchase Mandate and the Extension Mandate, the re-election of Directors and to give you the notice of AGM.

LETTER FROM THE BOARD

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the annual general meeting of the Company held on 9 November 2023, ordinary resolutions were passed to grant to the Directors general and unconditional mandate (i) to repurchase Shares of the Company on GEM or on any other exchange on which the Shares have been or may be listed and recognised for this purpose by the SFC and the Stock Exchange under the Repurchases Code, which does not exceed 10% of the total number of the issued Shares of the Company on the date of passing the relevant resolution; and (ii) to allot, issue and otherwise deal with Shares of the Company up to the limit of 20% of the total number of the issued Shares of the Company on the date of passing such resolution. No Shares has been repurchased pursuant to the repurchase mandate granted on 9 November 2023.

These general mandates will lapse at the conclusion of the forthcoming Annual General Meeting of the Company which will be held at 8/F., Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong at 11:00 a.m. on 7 June 2024. At the AGM, separate ordinary resolutions will be proposed:

- (i) to grant the Repurchase Mandate to the Directors to enable them to repurchase Shares of the Company on GEM or on any other exchange on which the Shares have been or may be listed and recognised for this purpose by the SFC and the Stock Exchange under the Repurchases Code, which does not exceed 10% of the total number of the issued Shares (excluding any treasury Shares) on the date of passing such resolution to grant the Repurchase Mandate;
- (ii) to grant the General and Resale Mandate to the Directors to enable them to allot, issue and otherwise deal with Shares (including any sale or transfer of treasury Shares) up to the limit of 20% of the total number of the issued Shares (excluding any treasury Shares) (i.e. a maximum of 905,385,032 new Shares based on the total number of issued Shares (excluding any treasury Shares) as at the Latest Practicable Date and assuming that the number of issued Shares (excluding any treasury Shares) remains unchanged up to the date of the AGM) on the date of passing such resolution to grant the General and Resale Mandate; and
- (iii) to increase the number of Shares to be allotted, issued and dealt with under the General and Resale Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, the authorised share capital of the Company was US\$160,000,000 divided into 16,000,000,000 Shares, of which 4,526,925,163 Shares were in issue.

LETTER FROM THE BOARD

On the basis of 4,526,925,163 existing Shares in issue (excluding any treasury Shares) as at the Latest Practicable Date and assuming that no Shares are repurchased or further issued before the AGM, the Directors would be authorised to repurchase up to 452,692,516 Shares which represent 10% of the 4,526,925,163 existing Shares in issue (excluding any treasury Shares) as at the Latest Practicable Date.

The Directors wish to state that they have no immediate plans to issue (including to sell or transfer any treasury Shares out of treasury) or repurchase any Shares pursuant to the relevant mandates.

The Repurchase Mandate allows the Company to make repurchase only during the period from the date of the passing of the relevant resolution until the earliest of the conclusion of next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required by the Articles of Association, or any applicable law of the Cayman Islands to be held and the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

In accordance with the GEM Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to renew the grant to the Directors of the Repurchase Mandate. Such explanatory statement is set out in Appendix I to this circular. Neither the explanatory statement nor the proposed granting of the Repurchase Mandate has any unusual features.

Subject to the approval of the Shareholders, the Company may only use the General and Resale Mandate for the sale or transfer of treasury Shares after the amendments to the GEM Listing Rules relating to treasury shares come into effect on 11 June 2024.

RE-ELECTION OF DIRECTORS

In accordance with Article 84(3) and Article 85 of the Articles of Association, Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine, Mr. Zhang Wei, Ms. Liu Ening and Mr. Zhang Honghai shall retire at the AGM. Mr. Xu Shengheng, Mr. Zhang Wei, Ms. Liu Ening and Mr. Zhang Honghai, being eligible, will offer themselves for re-election. Subsequent to the publication and despatch of the annual report 2023 of the Company, Ms. Chan Wai Kay, Katherine has withdrawn her offer for re-election at the AGM. Ms. Chan has confirmed that she has no disagreement with the Board and there are no other matter that need to be brought to the attention of the Shareholder in relation to her retirement.

The Nomination Committee is also responsible for, *inter alia*, assessing the independence of independent non-executive Directors. The Nomination Committee has assessed and reviewed the independent non-executive Directors' annual confirmations of independence based on the independence criteria as set out in Rule 5.09 of the Listing Rules, and affirmed that all independent non-executive Directors, remained independent.

LETTER FROM THE BOARD

The Nomination Committee was delegated with the responsibility in making recommendations to the Board for the re-election of retiring Directors at the AGM. When considering the recommendation, the Nomination Committee took into account the diversity aspects (including but not limited to gender, race, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director) as set out in the board diversity policy of the Company, with due regards to the business model and specific needs of the Group.

In addition, the Nomination Committee has also evaluated the performance of the retiring Directors and found their performance satisfactory. Furthermore, Mr. Zhang Honghai has confirmed his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Nomination Committee was satisfied with the independence of Mr. Zhang Honghai with reference to the criteria in Rule 5.09 of the GEM Listing Rules. Accordingly, with the recommendation of the Nomination Committee, the Board has proposed that all the retiring Directors, namely Mr. Xu Shengheng, Mr. Zhang Wei, Ms. Liu Ening and Mr. Zhang Honghai stand for re-election as Directors at the AGM. Details of the retiring Directors proposed to be re-elected as Directors at the AGM are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

A notice convening the AGM is set out on pages 18 to 22 of this circular, ordinary resolutions will be proposed to approve, among other matters, the grant of the General and Resale Mandate, the Repurchase Mandate, the Extension Mandate and the re-election of Directors.

A proxy form for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar 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 possible and in any event not less than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to be revoked.

None of the Shareholders are required to abstain from voting to approve all the resolutions to be proposed at the AGM. For the avoidance of doubt, holders of any treasury Shares shall abstain from voting at general meetings in respect of any treasury Shares held by them, if any.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman of the AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions proposed at the AGM shall be voted by poll.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 3 June 2024 to Friday, 7 June 2024, both days inclusive, during which period no Share transfers can be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares should ensure that all Share transfer documents accompanied by the relevant share certificates must be lodged 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 for registration not later than 4:30 p.m. on Friday, 31 May 2024.

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.

RECOMMENDATION

The Directors believe that an exercise of the General and Resale Mandate may enable the Company to take advantage of market conditions to raise additional capital for the Company and the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share.

The Directors considered that the approval of the Repurchase Mandate, the General and Resale Mandate the Extension Mandate, the re-election of the Directors at the AGM are in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,

For and on behalf of

CHYY DEVELOPMENT GROUP LIMITED

Xu Shengheng

Chairman

The following is the explanatory statement required to be sent to the Shareholders under the GEM Listing Rules in connection with the proposed general mandate for repurchases of Shares to be passed by the Shareholders by an ordinary resolution at the Annual General Meeting. Neither the explanatory statement nor the proposed granting of the Repurchase Mandate has any unusual features.

(1) GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

(2) SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 4,526,925,163 Shares in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 452,692,516 Shares until the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles of Association to be held; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting of the Company.

(3) REASONS FOR REPURCHASES

The Directors believe that it is in the best interest of the Company and its Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

(4) FUNDING OF REPURCHASES

The Directors wish to state that repurchases pursuant to the Repurchase Mandate would be financed entirely from the Company's available cash flow or working capital facilities and any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with its Articles of Association and the laws of the Cayman Islands.

The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(5) IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts for the year ended 31 December 2023) in the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(6) DISCLOSURE OF INTEREST

Rule 13.11(2) of the GEM Listing Rules prohibit a company from knowingly repurchasing its shares on GEM from a core connected person (as defined in the GEM Listing Rules) and a core connected person is prohibited from knowingly selling his/her/its shares to the company on GEM.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective close associates, have any present intention, if the Repurchase Mandate is approved by the Shareholders of the Company, to sell any Shares to the Company or its subsidiaries.

As at the Latest Practicable Date, no core connected persons (as defined in the GEM Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of the Shares.

The Company may cancel such repurchased Shares or hold them as treasury Shares, subject to market conditions and the Group's capital management needs at the relevant time of the repurchases.

To the extent permitted by the applicable laws of the Cayman Islands, for any treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the treasury Shares from CCASS, and either re-register them in its own name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury Shares.

(7) DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the proposed resolution, if granted, in accordance with the GEM Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the Articles of Association.

(8) SHARE REPURCHASE MADE BY THE COMPANY

No Shares was repurchased by the Company during the six months (whether on GEM or otherwise) preceding the Latest Practicable Date.

(9) TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, CECEP(HK) holds 1,190,000,000 Shares, representing approximately 26.29% of the issued share capital of the Company. CECEP(HK) is a wholly-owned subsidiary of CECEP, therefore CECEP is deemed to be interested in 1,190,000,000 shares that held by CECEP(HK). In the event that the Directors exercised in full the power to repurchase Shares of the Company in accordance with the terms of the Repurchase Mandate, CECEP(HK)'s proportionate interests in the voting rights of the Company would be increased to approximately 29.21% in aggregate and such increase would not trigger any obligation to make a mandatory offer under Rule 26 of the Takeovers Code in this respect. The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate. Assuming that there is no further issue of the Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate in full will not result in the level of shareholdings in the Company being held by the public below the minimum public float as required under the GEM Listing Rules.

(10) SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the twelve months from 1 May 2023 to 30 April 2024 and the period from 1 May 2024 up to the Latest Practicable Date were as follows:

Shares	Highest (HK\$)	Lowest (HK\$)
2023		
May	N/A	N/A
June	N/A	N/A
July	N/A	N/A
August	N/A	N/A
September	N/A	N/A
October	0.117	0.029
November	0.075	0.059
December	0.072	0.056
2024		
January	0.065	0.045
February	0.061	0.039
March	0.06	0.044
April	0.05	0.021
May (up to the Latest Practicable Date)	0.054	0.029

* Trading in Shares on GEM has been suspended from 3 April 2023 to 15 October, hence the highest and lowest prices from May to September 2023 are shown as N/A.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the directors proposed to be re-elected at the AGM:

Mr. Xu Shengheng (“Mr. Xu”), aged 61, has been appointed as an executive Director of the Company since 6 February 2009. Mr. Xu is the chairman of the Board of Directors of the Group and an executive Director, the deputy chairman of nomination committee, the deputy chairman of remuneration committee, the deputy chairman of group development strategic committee, the compliance officer and an authorised representative of the Company. Mr. Xu holds the title of Senior Engineer and a doctoral degree of Geological Engineering from the China University of Geosciences (Beijing) and a Master degree of Business Administration from the International EMBA from Hong Kong University of Science and Technology (香港科技大學). Mr. Xu has long been engaged in the field of heating provision and is committed to the preferred shallow geothermal energy as an alternative energy source for northern heating. By physical change process to provide heating for buildings with heating area free of combustion and zero emissions. The original single-well circulation heat exchange of renewable geothermal energy collection technology developed by Mr. Xu has realized the industrialization development and is one of the low-temperature heat (shallow geothermal energy) collection technology of the integrated heating/cooling emerging industry of the Group.

Mr. Xu is also the directors of various subsidiaries of the Company, namely, CGSE Ever Source Group Limited, China Ground Source Energy Industry Group (Hong Kong) Limited, China Ground Source Energy (Hong Kong) Limited, Far High International Limited, China Ground Source Energy Industry Group Limited, Beijing Enterprises Ever Source (Hong Kong) Limited, Beijing Enterprises Ever Source Limited, Beijing Enterprises Ever Source Technology Limited, Beijing Enterprises Ever Source Energy Limited, China Geothermal Energy Press Limited, China Ground Source Energy (Hangzhou) Limited, Mianyang Golden Ever Source Ground Source Energy Technology Limited* (綿陽市金恒源地能科技有限公司), Guiyang Water Supply Ground Source Energy Limited* (貴陽供水地能有限責任公司) and Qinghai Ever Source Science & Technology Development Limited* (青海恒有源科技發展有限公司).

As at the Latest Practicable Date, under the SFO, Mr. Xu is deemed to be interested in 723,153,400 Shares in which 982,800 Shares were held by Ms. Luk Hoi Man, the spouse of Mr. Xu. Save as disclosed, Mr. Xu has no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, Mr. Xu had not held any positions with the Company or its subsidiaries, does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Save as disclosed. Mr. Xu did not hold any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas in the past three years.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

There is a service agreement entered between Mr. Xu and the Company in respect of his appointment as an executive Director for a term of three years. Pursuant to the Company's Articles of Association, Mr. Xu is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Xu received a director's emolument of HK\$2,500,000 per annum which was fixed with reference to market conditions and his duties and responsibilities with the Group.

Save as disclosed above, there are no other information for Mr. Xu which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Ms. Liu Ening ("Ms. Liu"), aged 44, has been appointed as a non-executive Director of the Company since 12 March 2021 and acted as an alternate Director to Mr. Wang Michael Zhiyu during the period from 14 November 2019 to 11 March 2021. Ms. Liu graduated from The RAFFLES-BICT International College in 2004 with a bachelor degree in business administration. From 2004 to 2010, she worked as an administrative manager in Beijing Shuntian Green Slope Technology Co., Ltd. Since 2010, she has been the deputy manager and manager of the media operation department in Beijing Tomorrow Sunshine Advertising Co., Ltd., responsible for media promotion and operation management. Ms. Liu has extensive experience in marketing and management, and she also has extensive investment experience in the education industry and environmental protection industry.

Save as disclosed above, as at the Latest Practicable Date, Ms. Liu had not held any positions with the Company or its subsidiaries, does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Save as disclosed, Ms. Liu did not hold any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Liu has entered into an appointment letter with the Company in respect of her appointment as a non-executive Director for a term of two years. Pursuant to the Company's articles of association, Ms. Liu is subject to retirement by rotation and re-election at annual general meetings of the Company. Ms. Liu received an annual director's fee of HK\$60,000 which is fixed with reference to market conditions and her duties and responsibilities with the Group as well as the director's fee payable to the existing non-executive Director of the Company.

As at the Latest Practicable Date, Ms. Liu holds 253,000,000 shares of the Company. Save as disclosed, Ms. Liu has no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other information for Ms. Liu which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Zhang Honghai (“Mr. Zhang”), aged 71, has been appointed as an independent non-executive Director of the Company since 10 November 2023. Mr. Zhang is also the chairman of audit committee, the member of remuneration committee, nomination committee and group development strategic committee of the Company. Mr. Zhang graduated from Peking University in 1982 and subsequently completed a postgraduate programme at the International Business School of Hunan University and was awarded a master degree and the title of Senior Economist. Mr. Zhang also holds an EMBA degree from Guanghua School of Management, Peking University. Mr. Zhang has served as director of the Foreign Affairs Office of the People’s Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People’s Government of Beijing Municipality. From 1990 to 1998, Mr. Zhang worked as deputy general manager, then was promoted to vice chairman and general manager of Beijing International Trust Investment Limited. Mr. Zhang has served as (i) an executive director and vice chairman of Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 392); (ii) an executive director and chairman of Beijing Enterprises Water Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 371); (iii) an executive director of Beijing Enterprises Environment Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 154); and (iv) an executive director and chairman of the board of BEP International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2326). From September 2014 to January 2017, Mr. Zhang was the independent non-executive Director of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Zhang had not held any positions with the Company or its subsidiaries, does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Save as disclosed, Mr. Zhang did not hold any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Zhang has entered into an appointment letter with the Company in respect of his appointment as an independent non-executive Director for a term of two years. Pursuant to the Company’s articles of association, Mr. Zhang is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Zhang received an annual director’s fee of HK\$170,000 which is fixed with reference to market conditions and his duties and responsibilities with the Group.

Save as disclosed, Mr. Zhang has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, there are no other information for Mr. Zhang which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Zhang Wei (“Mr. Zhang”), aged 50, has been appointed as an executive Director of the Company since 28 March 2024. Mr. Zhang is a member of group development strategic committee of the Company. Mr. Zhang is currently the chief security officer of CHYY Development Group Limited, deputy general manager of the Group’s geothermal industry and executive deputy manager of the operation and maintenance center, chairman of Ever Source Science and Technology Development Group Co., Ltd.* (恒有源科技發展集團有限公司) and chief engineer of Ever Source Ground Energy Heating and Cooling Technology Service Company* (恒有源地能熱冷技術服務公司). After joining the Company, he has successively served as executive vice president, deputy chief engineer and chief safety officer of CHYY Development Group Limited, deputy general manager and engineering center deputy general manager of Ever Source Science & Technology Development Group Co., Ltd.* (恒有源科技發展集團有限公司), and deputy general manager of Ever Source Ground Energy Heating and Cooling Technology Service Company* (恒有源地能熱冷技術服務公司), general manager of Beijing Ever Source Environmental System Installation Limited* (北京恒有源環境系統設備安裝工程有限公司) and general manager of Ever Source Technology Development Group Pizhou Co., Ltd.* (恒有源科技發展集團邳州有限公司). Mr. Zhang holds a degree in Agricultural and Water resources from China Agricultural University and a title of engineer. Mr. Zhang has served as deputy chief officer of Beijing Feng Tai District Water Bureau (北京市豐台區水務局), a general manager of Lingnan Water Group Company Limited (嶺南水務集團有限責任公司) and a general manager of Haimian City Investment Company Limited (海綿城市投資有限公司).

Mr. Zhang is also a director of certain subsidiaries of the Company, namely, Ever Source Science and Technology Development Group Co., Ltd.* (恒有源科技發展集團有限公司), Beijing Ever Source Geothermal Heat Source System Limited* (北京恒有源地能熱源系統有限公司), Beijing Ever Source Environmental System Installation Limited* (北京恒有源環境系統設備安裝工程有限公司), Beijing Yuanquan Drilling Engineering Limited* (北京源泉鑽井工程有限公司), Ever Source Technology Development Group Dalian Limited* (恒有源科技發展集團大連有限公司) and Ever Source Ground Energy Heating and Cooling Technology Service Limited* (恒有源地能熱冷技術服務公司).

Save as disclosed above, as at the Latest Practicable Date, Mr. Zhang had not held any positions with the Company or its subsidiaries, does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Save as disclosed. Mr. Zhang did not hold any directorship in any public companies whose securities are listed on any securities market in Hong Kong or overseas in the past three years.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The Company has entered into an employment contract with Mr. Zhang for a term of one year. Pursuant to the Company's articles of association, Mr. Zhang is subject to retirement by rotation and re-election at annual general meeting of the Company. Mr. Zhang is entitled to an annual remuneration with base salary of HK\$148,550 plus a performance bonus which was fixed with reference to market conditions and his duties and responsibilities with the Group.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Zhang which is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the shareholders of the Company.

** For identification purposes only*

NOTICE OF ANNUAL 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of CHYY Development Group Limited (the “**Company**”) will be held at 8/F., Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong on Friday, 7 June 2024 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements of the Company for the year ended 31 December 2023 together with the reports of the directors of the Company (the “**Directors**”) and the auditors of the Company thereon.
2.
 - (a) To re-elect Mr. Xu Shengheng as executive Director and to authorise the board of Director to fix his remuneration;
 - (b) To re-elect Mr. Zhang Wei as executive Director and to authorise the board of Director to fix his remuneration;
 - (c) To re-elect Ms. Liu Ening as non-executive Director and to authorise the board of Director to fix her remuneration; and
 - (d) To re-elect Mr. Zhang Honghai as independent non-executive Director and to authorise the board of Director to fix his remuneration.
3. To re-appoint the auditors of the Company and to authorise the board of Directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY RESOLUTIONS

4. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

A. **“THAT:**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules (the **“GEM Listing Rules”**) Governing the Listing of Securities on the GEM (the **“GEM”**) of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company (including any sale or transfer of treasury Shares (which shall have the meaning ascribed to it under the GEM Listing Rules coming into effect on 11 June 2024) out of treasury) to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of share(s) allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) any issue of shares of the Company upon the exercise of existing warrants to subscribe for shares of the Company or the exercise of options granted under any share option scheme adopted by the Company; or (iii) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company in force from time to time, shall not exceed 20% of the total number of the Shares of the Company in issue (excluding any treasury Shares) as at the date of passing of this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company, or any applicable law of the Cayman Islands to be held; and
- (iii) the date on which the authority given to Directors by this resolution is revoked or varied by an ordinary resolution by shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares in the Company (“**Shares**”), or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

B. “THAT:

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as defined above) of all the powers of the Company to repurchase its shares on GEM or any other stock exchange on which the shares of the Company have been or may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases for such purposes, and otherwise in accordance with all applicable laws and the requirements of the GEM Listing Rules as amended from time to time or that of any other stock exchange, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors to procure the Company to repurchase its shares at such price as the Directors may at their discretion determine in accordance with all applicable laws and regulations;
- (c) the shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the total number of the issued Shares of the Company (excluding any treasury Shares) as at the date of passing this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” shall have the same meanings as ascribed to it under paragraph (d) of resolution numbered 4A of the notice convening this Annual General Meeting.”

- C. “**THAT** conditional upon the passing the resolutions numbered 4A and 4B as set out in the notice convening the Annual General Meeting, the total number of the Share(s) of the Company which are repurchased by the Company pursuant to and in accordance with resolution numbered 4B shall be added to the total number of the Share(s) of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution numbered 4A.”

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

Hong Kong, 10 May 2024

NOTICE OF ANNUAL GENERAL MEETING

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

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Annual General Meeting and in such event, the form of proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from Monday, 3 June 2024 to Friday, 7 June 2024, both days inclusive, during which period no transfer of shares of the Company can be registered. All transfer documents accompanied by the relevant share 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 not later than 4:30 p.m. on Friday, 31 May 2024.
5. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto if more than one of such joint holders are present at the AGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand first in the Register of Shareholders in respect of the joint holding.
6. With reference to resolutions 4A to 4C set out in this notice, the Directors wish to state that they have no immediate plans to repurchase any existing Shares or to issue any new Shares pursuant to the relevant mandate. An explanatory statement containing further details regarding the general mandate to repurchase Shares as referred to in resolution 5 is set out in Appendix I to the Circular.
7. With reference to resolution 2 set out in this notice, Mr. Xu Shengheng, Mr. Zhang Wei, Ms. Liu Ening and Mr. Zhang Honghai are due to retire at the AGM and, being eligible, for re-election or election pursuant to Articles 84(3) and 85 of the Articles of Association. Details of the Directors subject to re-election are set out in Appendix II to this circular.
8. According to Rule 17.47(4) of the GEM Listing Rules, the voting at the AGM or any adjournment thereof will be taken by poll.