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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF 20% EQUITY INTEREST
IN AN ASSOCIATE**

THE DISPOSAL

The Board announces that on 17 June 2025 (after trading hours), the Vendor, being an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire, the Sale Shares (i.e. 20% equity interest in the Target Company) at a Consideration of RMB5,215,740.

Upon Completion, the Group will remain to hold 13.2234% equity interest in the Target Company, and the Target Company will remain to be accounted for as an associate of the Company in the financial statements of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Disposal is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

On 17 June 2025 (after trading hours), the Vendor, being an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (i.e. 20% equity interest in the Target Company), at a Consideration of RMB5,215,740.

The principal terms of the Agreement are set out below:

THE AGREEMENT

Date: 17 June 2025

Parties: (i) the Vendor; and
(ii) the Purchaser.

Assets to be disposed

Subject to the terms and conditions set forth in the Agreement, the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (i.e. 20% equity interest in the Target Company).

Consideration

RMB5,215,740, payable in full by the Purchaser to the Vendor on or before 31 August 2025.

Basis for determination of the Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser, on normal commercial terms with reference to the financial position and expected operating performance of the Target Company.

Taking into account the above and the factors described in the paragraph headed "Reasons for and Benefits of the Disposal and Proceeds from Disposal" below, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms and in the interest of the Shareholders as a whole.

Other Major Terms

The Agreement was signed or sealed by both parties and shall become effective upon the Purchaser's full payment of the Consideration on or before 31 August 2025. If the Purchaser fails to fulfill the payment obligation within the prescribed period, the Agreement shall be automatically terminated. In such event, the Purchaser shall be liable for any losses arising from the depreciation of the equity during the period between execution and termination of the Agreement.

Prior to the effectiveness of the Agreement, the Vendor shall continue to exercise shareholder rights and receive shareholder entitlements in respect of all equity interest it holds in the Target Company prior to the Disposal. Upon the Agreement becoming effective, the Purchaser shall acquire the shareholder entitlements and assume all rights and obligations associated with the Sale Shares.

All shareholders of the Target Company, other than the Vendor and the Purchaser, have provided written consent to the Disposal. Further, all shareholders have unanimously agreed that, upon Completion of the Disposal, the Vendor shall retain the right to nominate one director to the board of the Target Company.

The Vendor shall, within three (3) business days of receiving full Consideration from the Purchaser, initiate and duly cooperate with the Purchaser to complete all necessary legal documentation and procedures for the transfer of the Sale Shares, and shall continue to assist until the relevant industrial and commercial registration has been completed.

Following the effectiveness of the Agreement, if the Vendor, without justifiable cause, refuses to cooperate with the Purchaser in completing the industrial and commercial registration in respect of the Sale Shares, the Purchaser shall be entitled to claim liquidated damages equal to 10% of the Consideration from the Vendor. Conversely, if the registration cannot be completed due to reasons attributable to the Purchaser or his operation of the Target Company, the Vendor shall bear no liability and shall be entitled to claim liquidated damages equal to 10% of the Consideration from the Purchaser.

Conditions Precedent and Completion of the Disposal

Completion of the Disposal is conditional on (i) the Purchaser paying the Consideration in full on or before 31 August 2025 and (ii) the completion of the industrial and commercial registration of the Sale Shares. Completion shall take place after the completion of the relevant industrial and commercial registration.

Upon Completion, the Group will remain to hold 13.2234% equity interest in the Target Company, and the Target Company will remain to be accounted for as an associate of the Company in the financial statements of the Group.

INFORMATION ON THE GROUP AND THE VENDOR

The Company is an investment holding company, whose subsidiaries are principally engaged in the research, development and promotion of shallow geothermal energy as an alternative energy to provide heating for buildings and is committed to the industrialisation development of the original technology which can accelerate the all-around upgrade and transformation of the traditional heating industry with combustion, emissions and pollution to an emerging industry of combustion-free integrated heating and cooling system with shallow geothermal energy.

The Vendor is an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability and is principally engaged in the production and sale of geothermal energy systems. Immediately prior to the Completion, the Vendor is beneficially interested in 33.2234% equity interest in the Target Company.

INFORMATION ON THE PURCHASER

The Purchaser is Mr. Zhou Jiazhi* (周家志先生). Immediately prior to the Completion, the Purchaser is beneficially interested in 30.8453% equity interest in the Target Company.

To the best knowledge of the Director's knowledge, information and belief, having made all reasonable enquiry, the Purchaser (being his ultimate beneficial owner) is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules) as at the date of this announcement.

INFORMATION ABOUT THE TARGET COMPANY AND THE SALE SHARES

The Target Company is a company incorporated in the PRC with limited liability, principally engaged in the provision of ground (water) source heat pump central air-conditioning system engineering services and the sale of related complete sets of equipment. Prior to the Completion, the Vendor held a 33.2234% equity interest in the Target Company, while the Purchaser held a 30.8453% equity interest.

The audited net profit/loss (both before and after taxation) of the Target Company and net profit/loss (both before and after taxation) attributable to the Sale Shares which are subject of the Disposal for the two financial years ended 31 December 2023 and 2024 were as follows:

	For the years ended 31 December	
	2024	2023
	(audited)	(audited)
	HK\$'000	HK\$'000
	(Approximately)	(Approximately)
<i>Target Company</i>		
Net (loss)/Profit before taxation	(10,345)	7,993
Net (loss)/Profit after taxation	(10,337)	7,968
<i>Attributable to the Sale Shares which are the subject of the Disposal</i>		
Net (loss)/Profit before taxation	(2,069)	1,599
Net (loss)/Profit after taxation	(2,067)	1,594

As at 31 December 2024, the audited net asset value of the Target Company was approximately HK\$2,595,000.

As at 31 December 2024, the book value of the Sale Shares which are the subject of the Disposal was approximately HK\$236,580.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Group will remain to hold 13.2234% equity interest in the Target Company, and the Target Company will remain to be accounted for as an associate of the Company in the financial statements of the Group.

It is expected that the Group will record an unaudited gain of approximately RMB4,996,700 from the Disposal, which is calculated by deducting (i) the audited carrying value of the investment to the Sale Shares as at 31 December 2024; (ii) the carrying value of goodwill attributable to the Sale Shares; and (iii) the related costs and expenses of the Group in connection with the Disposal, from the Consideration.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain/loss eventually to be recognised in the consolidated financial statements of the Company, depends on, among other things, the review by the auditor of the Company, upon finalisation of the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND PROCEEDS FROM DISPOSAL

The proceeds from the Disposal are currently intended to be used for the repayment of the Group's accounts payable in the PRC.

The Board believes that selling a portion of the Company's investment in the Target Company is a decision in the interest of the Company and its Shareholders due to the uncertainty surrounding the Target Company's future prospects. The proceeds from the Disposal will be used to reduce outstanding debt thereby improving the financial position of the Group. Also, the Group will retain its equity interest of 13.2234% in the Target Company, which provides an opportunity to benefit from potential returns in the future.

Taking into consideration the above and the basis of Consideration as mentioned previously, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. None of the Directors has any material interest in the Agreement and none of them is required to abstain from voting on the relevant resolution of the Board.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Disposal is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following terms and expressions used herein shall have the following meanings unless the context otherwise requires:

“Agreement”	the agreement dated 17 June 2025 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday or a public holiday) on which banks located in Hong Kong are open for business
“Company”	CHYY Development Group Limited (中國恒有源發展集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM of the Stock Exchange (stock code: 8128)
“Completion”	completion of the Disposal in accordance with the Agreement
“connected person(s)”	the meaning as ascribed to it under the GEM Listing Rules

“Consideration”	the aggregate consideration for the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser in accordance with the terms of the Agreement
“GEM”	the GEM of 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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	People’s Republic of China
“Purchaser”	Mr. Zhou Jiazhi* (周家志先生)
“Sale Shares”	20% equity interest in the Target Company
“Share(s)”	ordinary shares of USD0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhejiang Wanhe Energy and Environmental Technology Co. Ltd* (浙江萬合能源環境科技有限公司), a company established under the laws of the PRC
“Vendor”	Ever Source Science and Technology Development Group., Ltd* (恒有源科技發展集團有限公司), a company established under the laws of the PRC
“%”	per cent

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

Hong Kong, 17 June 2025

As at the date of this announcement, the Board comprises Mr. Xu Shengheng and Mr. Dai Qi as executive Directors, Mr. Liao Yuan, Ms. Liu Ening and Mr. Zhang Yiying as non-executive Directors, Mr. Zhang Honghai, Mr. Guan Chenghua and Mr. Guo Guanglei as independent non-executive Directors.

This announcement, 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 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.

* English name of such entity is the transliteration of its Chinese name for reference only.