
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 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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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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)

(1) PROPOSED SHARE CONSOLIDATION
(2) PROPOSED CHANGE IN BOARD LOT SIZE
(3) PROPOSED CAPITAL REDUCTION OF ISSUED
CONSOLIDATED SHARES AND
SUB-DIVISION OF UNISSUED CONSOLIDATED SHARES
AND
(4) NOTICE OF EGM

A notice convening an Extraordinary 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, 26 June 2026 at 10:00 a.m. is set out on pages 19 to 21 of this circular. A proxy form for use at the Extraordinary 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 Extraordinary 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 Extraordinary 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 June 2026

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.

TABLE OF CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	5
LETTER FROM THE BOARD	7
NOTICE OF EGM	19

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 28 May 2026 in relation to the Capital Reorganisation and Change in Board Lot Size
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	board of Director(s)
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the nominal value of each of the issued Consolidated Shares will be reduced from US\$0.1 each to US\$0.01 each by cancelling the paid up capital to the extent of US\$0.09 on each issued Consolidated Share
“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 8,000 Existing Shares to 10,000 New Shares
“Companies Act”	the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	CHYY Development Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM (stock code: 8128)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Consolidated Share(s)”	the ordinary share(s) of par value US\$0.1 each in the share capital of the Company upon the Share Consolidation becoming effective but before the Capital Reduction and Share Sub-division becoming effective
“Directors”	the director(s) of the Company
“EGM” or “Extraordinary General Meeting”	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 on Friday, 26 June 2026 at 10:00 a.m.
“Existing Share(s)”	the ordinary share(s) of par value US\$0.01 each in the share capital of the Company before the Share Consolidation having become effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Third Party(ies)”	a party who is not a connected person (as defined in the GEM Listing Rules) of the Company and is independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Latest Practicable Date”	5 June 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Memorandum”	the memorandum of association of the Company, as amended from time to time
“New Share(s)”	the ordinary share(s) of par value US\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’ s Road East, Wan Chai, Hong Kong
“Share(s)”	the Existing Share(s), Consolidated Share(s) and/or New Share(s) (as the case may be)
“Share Award(s)”	the award of Shares pursuant to the Share Award Scheme
“Share Award Scheme”	the share award scheme adopted by the Company on 6 September 2024
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of par value US\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value US\$0.1 each
“Share Option(s)”	the option(s) to subscribe for new shares of the Company granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 6 September 2024
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Share of par value US\$0.1 each into ten (10) New Shares of par value of US\$0.01 each

DEFINITIONS

“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Time and date

Latest date and time for lodging transfer documents
to qualify for attending and voting at EGM 4:30 p.m. on
Monday, 22 June 2026

Closure of register of members for determining
the entitlement to attend and vote at the EGM
(both dates inclusive) Tuesday, 23 June 2026 to
Friday, 26 June 2026

Latest date and time for lodging the proxy form for the EGM 10:00 a.m. on
Wednesday, 24 June 2026

Record date for EGM Friday, 26 June 2026

Expected date and time of the EGM 10:00 a.m. on
Friday, 26 June 2026

Publication of announcement of poll results of the EGM Friday, 26 June 2026

The following events are conditional upon the results of the EGM and the registration of the Solvency Statement and the minute by the Registrar of Companies in the Cayman Islands and therefore the dates are tentative only.

Effective date of the Share Consolidation,
Capital Reduction and Share Sub-division Thursday, 16 July 2026

First day for free exchange of existing share certificates
for new share certificates of the New Shares Thursday, 16 July 2026

Dealings in the New Shares commence 9:00 a.m. on
Thursday, 16 July 2026

Original counter for trading in Existing Shares
in board lots of 8,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Thursday, 16 July 2026

EXPECTED TIMETABLE

Temporary counter for trading in New Shares
in board lots of 800 New Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Thursday, 16 July 2026

Original counter for trading in New Shares
in board lots of 10,000 New Shares
(in the form of new share certificates for
New Shares) re-opens 9:00 a.m. on
Thursday, 30 July 2026

Parallel trading in the New Shares
(in the form of new share certificates
for the New Shares and
existing share certificates) commences 9:00 a.m. on
Thursday, 30 July 2026

Designated broker starts to stand in the market to
provide matching services for the sale and purchase of
odd lots of the New Shares 9:00 a.m. on
Thursday, 30 July 2026

Designated broker ceases to stand in the market to
provide matching services for sale and purchase of
odd lots of the New Shares 4:00 p.m. on
Wednesday, 19 August 2026

Temporary counter for trading New Shares
in the board lots of 800 New Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Wednesday, 19 August 2026

Parallel trading in New Shares
(in the form of new share certificates for the
New Shares and existing share certificates) ends 4:10 p.m. on
Wednesday, 19 August 2026

Last date and time for free exchange of
existing share certificates for the new share certificates
of the New Shares 4:30 p.m. on
Friday, 21 August 2026

All times and dates specified in this circular refer to Hong Kong times and dates, unless otherwise stated. This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

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
Mr. Dai Qi

Non-executive Directors:

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

Independent non-executive Directors:

Mr. Zhang Honghai
Mr. Guan Chenghua
Mr. Guo Guanglei

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 June 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED SHARE CONSOLIDATION
(2) PROPOSED CHANGE IN BOARD LOT SIZE
(3) PROPOSED CAPITAL REDUCTION OF ISSUED
CONSOLIDATED SHARES AND
SUB-DIVISION OF UNISSUED CONSOLIDATED SHARES
AND
(4) NOTICE OF EGM

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division.

The purpose of this circular is to give you, among other things, (a) further details of the Share Consolidation, the Change in Board Lot Size, the Capital Reduction and the Share Sub-division and (b) a notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of par value of US\$0.01 each be consolidated into one (1) Consolidated Share of par value of US\$0.1 each.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is US\$160,000,000 divided into 16,000,000,000 Shares with par value of US\$0.01 each, of which 4,526,925,163 Shares (including 40,864,000 treasury Shares) have been issued and are fully paid or credited as fully paid.

Assuming that no further Shares will be issued or repurchased from the Latest Practicable Date until the date of the EGM, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will become US\$160,000,000 divided into 1,600,000,000 Consolidated Shares with par value of US\$0.1 each, of which 452,692,516 Consolidated Shares (including 4,086,400 treasury Consolidated Shares) will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the expenses to be incurred in relation to the Share Consolidation the Change in Board Lot Size and the payment to be made to Shareholders in relation to fractional Consolidated Shares to which they would otherwise be entitled as mentioned in the paragraph headed “Fractional entitlement to Consolidated Shares” below, the implementation of the Share Consolidation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Share Consolidation will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;

LETTER FROM THE BOARD

- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reorganisation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Thursday, 16 July 2026.

As at the Latest Practicable Date, none of the conditions above had been fulfilled.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders, but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company will appoint Computershare Hong Kong Investor Services Limited as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Any Shareholder who wishes to use this matching service should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m. within such period). Holders of the New Shares who would like to match odd lots are recommended to make an appointment in advance by dialing the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Holders of odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

LETTER FROM THE BOARD

Adjustments in relation to other securities of the Company

Under the relevant terms and conditions of the Share Option Scheme and the Share Award Scheme, the Share Consolidation may lead to adjustments to the number of shares falling to be issued, and/or the exercise price upon exercise of the Share Options pursuant to the terms thereof. Upon the Capital Reorganisation becoming effective, the total number of Shares available for grant under the mandate of the Share Option Scheme and the Share Award Scheme shall be adjusted from 452,692,516 Existing Shares to 45,269,251 New Shares. Since the adoption date of the Share Option Scheme and the Share Award Scheme and up to the Latest Practicable Date, no Share Option has been granted by the Company under the Share Option Scheme and no Share Award has been granted by the Company under the Share Award Scheme. Save as disclosed above, as at the Latest Practicable Date, the Company has no outstanding options, derivatives, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares, Consolidated Shares or New Shares, as the case may be.

PROPOSED CHANGE IN BOARD LOT SIZE

As of the Latest Practicable Date, the Existing Shares in issue are traded on the Stock Exchange in the board lot size of 8,000 Existing Shares. It is proposed that, subject to and conditional upon the Capital Reorganisation becoming effective, the board lot size for trading on the Stock Exchange be changed from 8,000 Existing Shares to 10,000 New Shares. The Change in Board Lot Size is not subject to any Shareholders' approval.

Based on the closing price of HK\$0.037 per Existing Share (equivalent to the theoretical closing price of HK\$0.37 per New Share) as at the date of the Announcement, (i) the value of each existing board lot of Existing Shares is HK\$296; (ii) the value of each board lot of 8,000 New Shares would be HK\$2,960 on the assumption that the Capital Reorganisation becomes effective; and (iii) the value of each board lot of 10,000 New Shares would be HK\$3,700 on the assumption that the Change in Board Lot Size has also become effective.

The Change in Board Lot Size will not result in any change in relative rights of the Shareholders.

Reasons for the Share Consolidation and Change in Board Lot Size

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of securities. The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (updated in September 2024) has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to

LETTER FROM THE BOARD

under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The Board also took into consideration of the consultation paper on “Board Lot Framework Enhancements in the Hong Kong Securities Market” issued by the Hong Kong Exchanges and Clearing Limited on 18 December 2025 which has proposed that, issuers shall select board lot units from a set of eight standardized options (i.e., 1, 50, 100, 500, 1,000, 2,000, 5,000 and 10,000 share(s)).

Based on the closing price of HK\$0.037 per Existing Share (equivalent to the theoretical closing price of HK\$0.37 per Consolidated Share) as at the date of the Announcement, the value of each existing board lot of Existing Shares is HK\$296, which is less than HK\$2,000 per board lot. In view of this, the Board proposes to effect the Share Consolidation (in the ratio of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share) and the Change in Board Lot Size in order to comply with the trading requirements of the GEM Listing Rules such that upon the Share Consolidation and the Change in Board Lot Size becoming effective, the expected board lot value will be HK\$3,700, which will be greater than HK\$2,000. The Board also takes into account the possibility that adopting any alternative consolidation ratios lower than the proposed ratio under the Share Consolidation may not satisfy the trading requirements under the GEM Listing Rules, particularly if the Shares are trading at a price lower than the aforementioned theoretical closing price as at the date of the Announcement. As such, the Board considers that the Share Consolidation and Change in Board Lot Size will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since many banks/securities houses will charge minimum transaction costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, it is believed that the Share Consolidation and the Change in Board Lot Size will maintain the trading amount for each board lot at a reasonable level and make investing in the Shares more attractive to a broader range of investors, and thus further broadening the shareholder base of the Company, in particular to institutional investors whose house rules might prohibit or restrict trading in securities that are priced below a prescribed floor. Although the Share Consolidation and the Change in Board Lot Size may lead to the creation of odd lots of New Shares, the Company has designated Computershare Hong Kong Investor Services Limited as an agent to provide matching services for odd lots of Shares for a period of not less than three weeks, which is expected to effectively alleviate the difficulties caused by the creation of odd lots of Shares. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to the Shareholders and are therefore beneficial to and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has no intention or plan to carry out other corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. As at the Latest Practicable Date, the Company does not have any concrete plan to conduct any equity fundraising activities. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fundraising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of US\$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from US\$0.1 to US\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of US\$0.1 each be sub-divided into ten (10) New Shares of par value of US\$0.01 each.

Each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank *pari passu* in all respects with each other each in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles.

Effect of the Capital Reduction and the Share Sub-division

Immediately upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the Latest Practicable Date up to and including the date of which the Capital Reduction and the Share Sub-division shall become effective, the authorised share capital of the Company shall be US\$16,000,000 divided into 1,600,000,000 New Shares with par value of US\$0.01 each, of which 452,692,516 New Shares will be in issue and fully paid or credited as fully paid.

Based on the 4,526,925,163 Existing Shares in issue as at the Latest Practicable Date or (as the case may be) 452,692,516 Consolidated Shares in issue as at the date of which the Share Consolidation becoming effective, and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased prior to the date of which the Capital Reduction and the Share Sub-division shall become effective, a credit amounting to approximately

LETTER FROM THE BOARD

HK\$40.74 million will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws, the Memorandum and the Articles.

Assuming that there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub- division becoming effective	Immediately Upon the Capital Reduction and the Share- Subdivision becoming effective
Par value	US\$0.01 per Share	US\$0.1 per Consolidated Share	US\$0.01 per New Share
Number of authorized Shares issued by the Company	16,000,000,000 Shares	1,600,000,000 Consolidated Shares	16,000,000,000 New Shares
Amount of authorized share capital of the Company	US\$160,000,000	US\$160,000,000	US\$160,000,000
Number of issued Shares issued by the Company	4,526,925,163 Shares	452,692,516 Consolidated Shares	452,692,516 New Shares

Other than the expenses to be incurred in relation to the Capital Reduction and Share Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional New Shares will not be allocated to the Shareholders who may otherwise be entitled.

The Directors are of the view that the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the Capital Reduction and the Share Sub-division

The Capital Reduction and the Share Sub-division are conditional upon the following conditions:

- (i) the Share Consolidation has become effective;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reorganisation;
- (iii) the Directors shall have made a solvency statement (the “**Solvency Statement**”) in relation to the Capital Reduction no more than 30 days before the date on which the special resolution for the Capital Reduction is passed at the EGM;
- (iv) the filing of a copy of the Solvency Statement and the minute stating certain information as required by the Companies Act with respect to the Capital Reduction with the Registrar of Companies in the Cayman Islands within 15 days after the passing of the special resolution for the Capital Reduction is passed at the EGM;
- (v) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reorganisation becoming effective;
- (vi) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Capital Reduction and Share Sub-division; and
- (vii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. None of the above conditions can be waived. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the Company will file the requisite documents with the Registrar of Companies in the Cayman Islands. It is expected that the Capital Reduction and the Share Sub-division shall be completed and take effect at the same time when the Share Consolidation takes effect.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Application for listing of the New Shares

An application will be made by the Company to the GEM Listing Committee for the listing of, and the permission to deal in, the New Shares upon the Capital Reorganisation becoming effective.

LETTER FROM THE BOARD

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the securities (being equity or debt) are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Free Exchange of share certificates for the New Shares

Subject to the Capital Reorganisation becoming effective, Shareholders may submit their existing share certificates in brown colour for the Existing Shares on or after Thursday, 16 July 2026 to 4:30 pm on Friday, 21 August 2026 (both days inclusive) to the Registrar, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during business hours in exchange for new share certificates in orange colour for the New Shares at the expenses of the Company. It is expected that the new share certificates for the New Shares will be available for collection within ten (10) Business Days after submission of the existing share certificates to the Registrar for exchange.

Shareholders should note that after the prescribed time for free exchange of new share certificates for the New Shares, a fee of HK\$2.50 (or such other amount as may be specified by the Stock Exchange from time to time) will be payable by Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificate(s) cancelled or issued is higher. The existing share certificates will only be valid for delivery, trading, settlement and registration purposes for the period up to 4:10 p.m. on Wednesday, 19 August 2026, and thereafter will not be accepted for delivery, trading, settlement and registration purposes and trading will only be in New Shares. However, the existing share certificates will continue to be good evidence of title to the New Shares on the basis of every ten (10) Existing Shares for one (1) New Share. The new share certificates for the New Shares will be issued in orange colour in order to distinguish them from the share certificates for the Existing Shares which are in brown colour.

LETTER FROM THE BOARD

Reasons for the Capital Reduction and Share Sub-division

Pursuant to the Companies Act, the Company may not issue Shares at a price lower than their par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-division, the par value of the Consolidated Shares will be US\$0.1 per Consolidated Share. The Capital Reduction and the Share Sub-division will keep the par value of the New Shares at a lower level of US\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws, the Memorandum and the Articles. The Board considers that the Capital Reduction and the Share Sub-division is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company does not have any concrete plan to conduct any equity fundraising activities. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fundraising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the 12 months immediately preceding the Latest Practicable Date.

As the Share Consolidation, the Capital Reduction and the Share Sub-division are subject to the satisfaction of conditions and the Change in Board Lot Size is conditional upon the Capital Reorganisation becoming effective, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 19 to 21 of this circular. Special resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Share Consolidation, the Capital Reduction and the Share Sub-division.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM 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 Shops 1712-1716, 17/F, 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 EGM or any

LETTER FROM THE BOARD

adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation, the Capital Reduction, the Share Sub-division and the Change in Board Lot Size and no Shareholders are required to abstain from voting at the EGM. 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 EGM, 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 EGM shall be voted by poll.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, during which period no Share transfers will be registered. In order to be eligible to attend and vote at the EGM, 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 June 2026.

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 Company. 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the Share Consolidation, the Capital Reduction and the Share Sub-division are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolution approving the Share Consolidation, the Capital Reduction and the Share Sub-division to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information as set out in the appendices to this circular and the notice of the EGM.

Yours faithfully,
For and on behalf of
CHYY DEVELOPMENT GROUP LIMITED
Xu Shengheng
Joint Chairman

NOTICE OF EGM



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 the extraordinary general meeting (the “**Extraordinary 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, 26 June 2026 at 10:00 a.m. for the following purposes:

SPECIAL RESOLUTION

1. “**THAT**, subject to and conditional upon, among other things, the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the New Shares (as defined below), and the compliance with the relevant procedures and requirements under the Cayman Islands laws, the memorandum and articles of associate adopted by the Company and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below), after the date on which this resolution is passed by the shareholders of the Company (the “**Shareholders**”) or the above conditions are fulfilled (whichever is later):
 - (a) every ten (10) issued and unissued ordinary shares of par value of US\$0.01 each (each an “**Existing Share**”) in the share capital of the Company be consolidated into one (1) ordinary share (each a “**Consolidated Share**”) of par value of US\$0.1 (the “**Share Consolidation**”), with all fractional Consolidated Shares arising from the Share Consolidation, if any, be disregarded and not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Directors may think fit; such that the authorized share capital of the Company be changed from US\$160,000,000 divided into 16,000,000,000 ordinary shares of par value US\$0.01 each to US\$160,000,000 divided into 1,600,000,000 Consolidated Shares of par value US\$0.1 each;
 - (b) immediately following the Share Consolidation becoming effective:
 - (i) the issued share capital of the Company be reduced from US\$45,269,251 divided into 452,692,516 Consolidated Shares of par value US\$0.10 each (all of which are fully paid up or credited as fully paid up) by

NOTICE OF EGM

US\$40,742,326 to US\$4,526,925 divided into 452,692,516 New Shares of par value US\$0.01 each by cancelling the paid-up capital of the Company to the extent of US\$0.09 on each issued Consolidated Share (the “**Capital Reduction**”), so that the par value of each issued Consolidated Share will be reduced from US\$0.1 to US\$0.01 (the “**New Share(s)**”);

- (ii) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be applied by the directors of the Company in any manner permitted under all applicable laws and the memorandum and articles of association of the Company, including without limitation offsetting any accumulated losses of the Company from time to time; and
- (iii) each authorised but unissued Consolidated Share of par value of US\$0.1 be sub-divided into ten (10) unissued New Shares of par value of US\$0.01 each (the “**Share Sub-division**”, together with the Share Consolidation and the Capital Reduction, the “**Capital Reorganisation**”), so that immediately following the Capital Reorganisation, the authorised share capital of the Company be changed from US\$160,000,000 divided into 1,600,000,000 Consolidated Shares of par value US\$0.1 each to US\$160,000,000 divided into 16,000,000,000 New Shares of par value US\$0.01 each;
- (c) each of the New Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company; and
- (d) any one or more of the Directors, the registered office provider of the Company and/or the company secretary of the Company be and is/are hereby authorised to do all such acts and things and execute (as a deed) and deliver on behalf of the Company all such documents and to do any act or filing to relevant authority which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Capital Reorganisation.”

By Order of the Board
CHYY DEVELOPMENT GROUP LIMITED
Xu Shengheng
Joint Chairman

Hong Kong, 10 June 2026

NOTICE OF EGM

Notes:

1. Any member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for the Extraordinary General Meeting is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of such power of attorney or authority, 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 Extraordinary General Meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the Extraordinary 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 Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, during which period no Share transfers will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 June 2026.
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 Extraordinary General Meeting, 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. Pursuant to Rule 17.47(4) of the GEM Listing Rules, any voting at the Extraordinary General Meeting or any adjournment thereof will be taken by poll.

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.