



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

*(formerly known as “China Geothermal Industry Development Group Limited
中國地熱能產業發展集團有限公司”)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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This announcement, for which the directors of CHYY Development Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of The Stock Exchange 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.

HIGHLIGHTS

Revenue for the six months ended 30 June 2022 (the “Review Period”) amounted to approximately HK\$50,349,000.

Net loss after tax of the Group for the Review Period amounted to approximately HK\$37,163,000.

No dividend was declared for the Review Period.

FINANCIAL REVIEW

The following table provides a brief summary of the financial results of CHYY Development Group Limited (the “Company”) and its subsidiaries (collectively the “Group”). For more detailed information, please refer to the unaudited consolidated financial statements for the Review Period and for the six months ended 30 June 2021.

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
– Shallow geothermal energy	21,847	57,925	45,487	82,538
– Air conditioning/shallow geothermal heat pump	187	242	187	1,324
– Property investment and development	4,675	4,584	4,675	4,584
	<u>26,709</u>	<u>62,751</u>	<u>50,349</u>	<u>88,446</u>
(Loss) for the period	<u>(22,167)</u>	<u>(5,352)</u>	<u>(37,163)</u>	<u>(28,711)</u>
(Loss) attributable to owners of the parent	<u>(21,230)</u>	<u>(4,690)</u>	<u>(36,024)</u>	<u>(26,963)</u>

During the Review Period, the Group’s revenue amounted to approximately HK\$50,349,000 which was mainly contributed by shallow geothermal energy utilisation business and approximately HK\$88,446,000 for the corresponding period last year. The revenue decreased by approximately HK\$38,097,000 as compared with that of corresponding period last year which was mainly attributable to the new contracts of engineering projects secured in the first half year was substantially decreased as well as the projects in progress that bought forward from previous periods was decreased. On the other hand, due to the bidding process for household coal transformation projects in surrounding areas basically did not commence in the first half of the year, which resulted in the demand on HYY Heating Devices by the key customers of Hongyuan Ground Energy Heating Device Technology Co., Ltd.* (宏源地能熱寶技術有限公司), a subsidiary of the Group, was significantly decreased as compared with the same period last year.

* for identification only

Other income and gains increased from approximately HK\$2,345,000 in the corresponding period last year to approximately HK\$2,774,000 for the six months ended 30 June 2022. This was mainly attributable to the increase in investment income as compared to that of last year.

Selling and distribution expenses amounted to approximately HK\$8,885,000 and HK\$10,471,000 for the six months ended 30 June 2022 and 2021 respectively. The selling and distribution expenses for the Review Period decreased as compared with the corresponding period last year which was mainly due to the implementation of cost reduction and remuneration reform measures to control the distribution expenses by the Group during the period under review.

During the Review Period, administrative expenses decreased by approximately HK\$16,912,000 or 37.15% as compared with that of six months ended 30 June 2021. Administrative expenses decreased which was mainly attributable to the decreases in remuneration and the relevant expenses.

Finance costs amounted to approximately HK\$2,527,000 for the six months ended 30 June 2022 as compared with approximately HK\$1,867,000 for last corresponding period. The finance costs mainly attributed by leased assets.

For the six months ended 30 June 2022, the loss for the period was approximately HK\$37,163,000, whereas the loss was approximately HK\$28,711,000 for the corresponding period last year. The increase of loss was mainly attributable to the decrease in revenue resulted to the decrease in gross profit.

Order Book

As at 30 June 2022, the Group has contracts on hand of approximately HK\$78,000,000 (30 June 2021: HK\$83,700,000).

Liquidity, Capital Structure and Gearing Ratio

Net current liabilities of the Group as at 30 June 2022 was approximately HK\$31,969,000 (net current liabilities as at 31 December 2021: approximately HK\$13,060,000).

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$60,010,000 (31 December 2021: approximately HK\$87,069,000). In addition, the Group had time deposits of approximately HK\$18,976,000 (31 December 2021: approximately HK\$68,000). Cash and cash equivalents on the condensed consolidated statement of financial position include funds available for general corporate purposes.

Non-controlling interests amounted to approximately HK\$23,754,000 which mainly represents the interests attributable to non-controlling shareholders of the Group's subsidiaries in the PRC.

The gearing ratio of the Group, based on total net debt (including lease liabilities, trade and bills payables, financial liabilities included in other payables and accruals, less cash and cash equivalents) to the equity (representing equity attributable to owners of the parent) plus net debt of the Group, was 53.4% as at 30 June 2022 (31 December 2021: 51.2%).

Charges on Asset

As at 30 June 2022, the Group did not have any charges on asset.

Material Acquisition and Disposal

The Group did not have any material acquisition and disposal during the six months ended 30 June 2022.

Significant Investment Held

On 13 November 2020, HYI Investment Management Co., Ltd. (恒有源投資管理有限公司) (“HYI Investment”), an indirect wholly owned subsidiary of the Company, entered into equity transfer agreement to sell the 4.99965% equity interests in Beijing Life Insurance Co. Ltd. (“Beijing Life”) for a consideration of RMB237,000,000.

At the extraordinary general meeting held on 19 February 2021, the shareholders of the Company passed the ordinary resolution in respect of the equity transfer agreement. Details of the disposal can be referred to the Company’s circular dated 26 January 2021. HYI Investment has received the total consideration of RMB237,000,000 in July 2021 and this transaction is pending for the transferee to complete the change of shareholder registration. Therefore, the equity transfer has not been completed as at the date of this announcement.

As at 30 June 2022, the Group still held the investment of 4.99965% of equity interests in Beijing Life, which is an equity investments designated at fair value through other comprehensive income. The size of investment as compared to the Group’s total assets as at 30 June 2022 is 18.97% (2021: 14.72%).

Treasury Policies

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in either Hong Kong dollars, or in local currencies of the operating subsidiaries, keeping a minimum exposure to foreign exchange risks.

Contingent Liabilities

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

Employees

As at 30 June 2022, the Group had approximately 316 employees in total (31 December 2021: approximately 475). The remuneration package of the employees is determined with reference to their performance, experience and their positions, duties and responsibilities in the Group.

Other Information

Ever Source Investment Management Co., Ltd.* (恒有源投資管理有限公司) (“Ever Source Investment”) had disposed of approximately 4.99965% equity interest in Beijing Life Insurance Co., Ltd. (“Beijing Life”) which constituted a very substantial disposal of the Company (the “Disposal”). Details of the Disposal can be referred to the Company’s circular dated 26 January 2021. On 19 February 2021, the Disposal was approved by the shareholders of the Company. Ever Source Investment also received all the equity transfer funds of RMB237,000,000 in July 2021. Due to the reason of the counterparty, as at the date of this announcement, the business registration for the change of shareholder has yet to complete.

The relevant information is as follow:

- 1) In December 2021, Ever Source Investment received a civil complaint from Shanghai Gangze Trading Company Limited* (上海港澤貿易有限公司) (as transferee) against Ever Source Investment and Beijing Rungu Investment Co., Ltd.* (北京潤古投資有限公司) (“Beijing Rungu”), details of which can be referred to the Company’s announcement dated 3 December 2021.
- 2) In January 2022, Ever Source Investment was notified that Beijing First Intermediate People’s Court issued to Beijing Life a notice of assistance in enforcement together with a civil ruling, details of which can be referred to the Company’s announcement dated 13 January 2022.

BUSINESS REVIEW AND OUTLOOK

During the Review Period, the revenue of the Group was approximately HK\$50,349,000 which mainly generated from shallow geothermal energy business (including cooling and heating operation).

During the Review Period, the revenue recorded by the Group decreased by 43.07% compared with the same period of last year, which was mainly due to the tightening of the credit policy for contracted projects with customers in an effort to strengthen our financial position, of which projects that required advance funding were selectively not signed or no longer extended. At the same time, due to the continuous epidemic affected the travelling of personnel, the number of projects expected to be signed was greatly reduced as compared with the original planned.

* *for identification only*

In view of the significant plunge in business caused by the above factors and the challenges faced by the Group to widening the income source in the short term, the Group rolls out its business with adjusted credit policy in a strictly manner by enhancing the collection of receivables for newly contracted engineering projects. Strict control at the stage of project assessment and the cost budgeting for the projects are implemented to ensure that no advance of funding for the construction projects and the gross profit and net profit of the projects are secured to meet the policy of the Group. Besides, it has further strengthened the receivables collection strictly in accordance with the payment terms of the contracts. At the same time, enhancement of the accounts receivables collection for projects from prior years by clearly assigning the collection responsibility to designated persons so as to promoting the recovery of receivables and return of funds.

At the same time, the Group also proactively took various measures to strictly control expenses by strengthening the internal cost control and intensifying the awareness of expenditure reduction, which achieved obvious results during the period under review.

In the next stage, in accordance with the deployment by the board, we will continue to dispose of the Group's investment properties and other related assets and increase the collection of receivables to ensure the return of funds.

In the following, we will enhance the incremental of income sources and cost reduction simultaneously, and at the same time, we will continue to intensify the independent accounting for projects and departments, enhance employees' awareness on costs and expenses control, and take various measures to effectively reducing project costs which are all conducive to enterprise development and the pursuit of maximization of the interests of shareholders of the Company.

FINANCIAL RESULTS

The Board of Directors (the “Board”) of CHYY Development Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2022 together with the unaudited comparative figures for the corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	26,709	62,751	50,349	88,446
Cost of sales		(22,262)	(38,911)	(42,709)	(59,714)
Gross profit		4,447	23,840	7,640	28,732
Other income and gains	4	2	224	2,774	2,345
Selling and distribution expenses		(3,664)	(5,395)	(8,885)	(10,471)
Administrative expenses		(16,181)	(25,762)	(28,608)	(45,520)
Gain on disposal of a subsidiary		–	5,672	–	5,672
Reversal of impairment losses on trade and bills receivables, net		–	–	–	–
Reversal of impairment losses on contract assets, net		–	–	–	–
Finance costs	5	(2,394)	(1,071)	(2,527)	(1,867)
Fair value changes on investment properties		–	–	–	–
Other expenses		(39)	(4)	(93)	(93)
Share of profits and losses of:					
A Joint venture		(314)	–	(314)	–
Associates		(4,108)	(2,852)	(7,234)	(7,497)
(Loss) before tax	6	(22,251)	(5,348)	(37,247)	(28,699)
Income tax expense	7	84	(4)	84	(12)
(Loss) for the period		(22,167)	(5,352)	(37,163)	(28,711)
Attributable to:					
Owners of the parent		(21,230)	(4,690)	(36,024)	(26,963)
Non-controlling interests		(937)	(662)	(1,139)	(1,748)
		(22,167)	(5,352)	(37,163)	(28,711)
(Loss) per share attributable to ordinary equity holders of the parent	9	(0.478)	(0.105)	(0.811)	(0.606)
Basic and diluted (expressed in HK\$ cents)		(0.478)	(0.105)	(0.811)	(0.606)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) for the period	(22,167)	(5,352)	(37,163)	(28,711)
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations	(7,590)	3,764	(6,578)	2,268
Share of other comprehensive (loss)/income of associates	(2,350)	952	(1,950)	324
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(9,940)	4,716	(8,528)	2,592
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:				
Equity investments designated at fair value through other comprehensive income:				
Changes in fair value	-	-	-	-
Gains on property revaluation	-	-	-	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive (loss)/income for the period, net of tax	(9,940)	4,716	(8,528)	2,592
Total comprehensive (loss) for the period	(32,107)	(636)	(45,691)	(26,119)
Attributable to:				
Owners of the parent	(30,094)	(571)	(43,259)	(24,695)
Non-controlling interests	(2,013)	(65)	(2,432)	(1,424)
	(32,107)	(636)	(45,691)	(26,119)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	188,258	201,052
Investment properties		132,602	138,699
Right-of-use assets		1,087	178
Deposits paid for acquisitions of land use rights		–	–
Other intangible assets		36	–
Investment in a joint venture		896	1,254
Investments in associates		46,183	55,495
Equity investments designated at fair value through other comprehensive income		59,422	64,703
Deferred tax assets		–	–
Contract assets		20,164	20,713
Trade receivables		104,783	106,155
Total non-current assets		553,431	588,249
CURRENT ASSETS			
Inventories		19,803	16,935
Properties held for sale		320,902	335,656
Trade and bills receivables	11	66,083	39,830
Prepayments, other receivables and other assets		95,664	108,868
Contract assets		58,978	95,455
Amounts due from related companies		542	567
Equity investments designated at fair value through other comprehensive income		279,568	289,873
Financial assets at fair value through profit or loss		49	41
Restricted cash		62	2,391
Time deposits		18,976	68
Cash and cash equivalents		60,010	87,069
Total current assets		920,637	977,383
CURRENT LIABILITIES			
Trade and bills payables	12	241,998	246,441
Other payables and accruals		439,332	460,166
Contract liabilities		50,807	46,759
Amounts due to associates		12,282	15,584
Amounts due to a joint venture		340	702
Amounts due to related companies		29,956	31,334
Interest-bearing bank borrowings		–	–
Lease liabilities		5,543	5,929
Tax payable		172,347	183,528
Total current liabilities		952,605	990,443
NET CURRENT (LIABILITIES)		(31,968)	(13,060)
TOTAL ASSETS LESS CURRENT LIABILITIES		521,463	575,189

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 30 June 2022*

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	521,462	575,189
NON-CURRENT LIABILITIES		
Lease liabilities	81,581	86,736
Deferred income	9,355	9,785
Deferred tax liabilities	48,038	50,488
Total non-current liabilities	138,974	147,009
Net assets	382,489	428,180
EQUITY		
Equity attributable to owners of the parent		
Share capital	13 353,043	353,043
Shares held for Share Award Scheme	(8,169)	(8,169)
Other reserves	13,861	57,120
	358,735	401,994
Non-controlling interests	23,754	26,186
Total equity	382,489	428,180

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent													Total equity
	Share Capital	Share Premium	Shares held for Share Awards Scheme	Statutory reserve	Assets revaluation reserve	Contributed Surplus	Special reserve	Capital reserve	Share option reserve/ share award reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	353,043	904,845	(7,676)	2,935	39,300	154,381	7,553	50,878	4,620	(14,616)	(1,046,835)	448,428	28,746	477,174
(Loss) for the period	-	-	-	-	-	-	-	-	-	-	(26,963)	(26,963)	(1,748)	(28,711)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	2,268	-	2,268	324	2,592
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	2,268	(26,963)	(24,695)	(1,424)	(26,119)
Shares purchased for Share Awards Scheme	-	-	(1,932)	-	-	-	-	-	-	-	-	(1,932)	-	(1,932)
At 30 June 2021 (unaudited)	<u>353,043</u>	<u>904,845</u>	<u>(9,608)</u>	<u>2,935</u>	<u>39,300</u>	<u>154,381</u>	<u>7,553</u>	<u>50,878</u>	<u>4,620</u>	<u>(12,348)</u>	<u>(1,073,798)</u>	<u>421,801</u>	<u>27,322</u>	<u>449,123</u>

	Attributable to owners of the parent													Total equity
	Share Capital	Share Premium	Shares held for Share Awards Scheme	Statutory reserve	Assets revaluation reserve	Contributed Surplus	Special reserve	Capital reserve	Share option reserve/ share award reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	353,043	906,013	(8,169)	2,935	45,448	154,381	7,553	85,707	-	(907)	(1,144,010)	401,994	26,186	428,180
(Loss) for the period	-	-	-	-	-	-	-	-	-	-	(36,024)	(36,024)	(1,139)	(37,163)
Other comprehensive (loss) for the period	-	-	-	-	-	-	-	-	-	(7,235)	-	(7,235)	(1,293)	(8,528)
Total comprehensive (loss) for the period	-	-	-	-	-	-	-	-	-	(7,235)	(36,024)	(43,259)	(2,432)	(45,691)
Shares purchased for Share Awards Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2022 (unaudited)	<u>353,043</u>	<u>906,013*</u>	<u>(8,169)</u>	<u>2,935*</u>	<u>45,448*</u>	<u>154,381*</u>	<u>7,553*</u>	<u>85,707*</u>	<u>-</u>	<u>(8,142)*</u>	<u>(1,180,034)*</u>	<u>358,735</u>	<u>23,754</u>	<u>382,489</u>

* These reserve accounts comprise the consolidated reserves of HK\$13,861,000 (31 December 2021: HK\$57,120,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows (used) in operating activities	(30,434)	(92,279)
Net cash flows from investing activities	4,158	195,543
Net cash flows (used in) financing activities	—	(110,452)
	<hr/>	<hr/>
Net (decrease) in cash and cash equivalents	(26,276)	(7,188)
Cash and cash equivalents at the beginning of period	87,069	63,172
Effect of foreign exchange rate changes, net	(783)	7,902
Cash and cash equivalents attributable to a disposal group	—	—
	<hr/>	<hr/>
Cash and cash equivalents at the end of period	60,010	63,886

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

CHYY Development Group Limited (the “Company”) was incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the registered office and principal place of business in Hong Kong of the Company are P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and 8/F, Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong respectively.

During the six months ended 30 June 2022, the Group was involved in the following principal activities:

- Provision, installation and maintenance of shallow geothermal energy utilisation system
- Trading of air conditioning/shallow geothermal heat pump products
- Investment in properties for their potential rental income
- Trading of securities and other types of investments

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with Hong Kong Accounting Standard 34 (“HKAS 34”), Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those adopted in the annual financial statements for the year ended 31 December 2021. The condensed consolidated interim financial statements for the six months ended 30 June 2022 should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

On 1 January 2022, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations has no material effect on the results reported for the current or prior periods.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Shallow geothermal energy segment – provision, installation and maintenance of shallow geothermal energy utilisation system;
- (b) Air conditioning/shallow geothermal heat pump segment – trading of air conditioning/shallow geothermal heat pump products;
- (c) Property investment and development segment – investments in properties for their potential rental income; and
- (d) Securities investment and trading segment – trading of securities and other types of investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that share of profits and losses of associates and a joint venture, interest income, certain other income, certain administration costs, and non-lease-related finance costs are excluded from such measurement.

Segment assets exclude certain investments in associates, deferred tax assets, time deposits, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude certain amounts due to associates and related companies, interest-bearing bank borrowings, deferred tax liabilities and tax payable as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Segment revenue and results

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively:

	Shallow geothermal energy		Air conditioning/Shallow geothermal heat pump		Property investment and development		Securities investment and trading		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (note 4)										
Sales to external customers	45,487	82,538	187	1,324	4,675	4,584	-	-	50,349	88,446
Intersegment sales	6,704	-	96	993	-	-	-	-	6,800	993
	52,191	82,538	283	2,317	4,675	4,584	-	-	57,149	89,439
Reconciliation:										
Elimination of intersegment sales									(6,800)	(993)
Revenue									50,349	88,446
Segment results	7,388	24,368	(45)	(2,251)	267	234	-	-	7,202	22,351
Reconciliation:										
Elimination of intersegment results									-	(50)
Share of profits or losses of associates									(7,547)	(7,497)
Unallocated other income									2,787	4,580
Corporate and other unallocated expenses									(39,173)	(46,216)
Finance costs (other than interest on lease liabilities)									(516)	(1,867)
(Loss) before tax									(37,247)	(28,699)

(b) **Segment assets and liabilities**

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

	30 June 2022				Total HK\$'000 (Unaudited)
	Shallow geothermal energy HK\$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK\$'000 (Unaudited)	Property investment and development HK\$'000 (Unaudited)	Securities investment and trading HK\$'000 (Unaudited)	
Segment assets	532,916	48,217	524,803	339,550	1,445,485
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(104,868)
Corporate and other unallocated assets					133,451
Total assets					<u>1,474,068</u>
Segment liabilities	675,324	45,820	120,450	8,760	850,353
<i>Reconciliation:</i>					
Elimination of intersegment payables					(104,868)
Corporate and other unallocated liabilities					346,094
Total liabilities					<u>1,091,579</u>
	31 December 2021				Total HK\$'000 (Audited)
	Shallow geothermal energy HK\$'000 (Audited)	Air conditioning/ shallow geothermal heat pump HK\$'000 (Audited)	Property investment and development HK\$'000 (Audited)	Securities investment and trading HK\$'000 (Audited)	
Segment assets	570,873	52,437	546,751	355,335	1,525,396
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(109,683)
Corporate and other unallocated assets					149,919
Total assets					<u>1,565,632</u>
Segment liabilities	689,944	47,878	130,089	9,553	877,464
<i>Reconciliation:</i>					
Elimination of intersegment payables					(109,684)
Corporate and other unallocated liabilities					369,672
Total liabilities					<u>1,137,452</u>

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	22,034	58,167	45,674	83,862
<i>Revenue from other sources</i>				
Rental income	4,675	4,584	4,675	4,584
	<u>26,709</u>	<u>62,751</u>	<u>50,349</u>	<u>88,446</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

Segments	Shallow	Air	Total
	geothermal	conditioning/ shallow	
	energy	geothermal	
	HK\$'000	heat pump	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or services:			
Sale of industrial products	–	187	187
Construction services	50,162	–	50,162
	<u>50,162</u>	<u>187</u>	<u>50,349</u>
Geographical markets:			
Mainland China	50,162	187	50,349
	<u>50,162</u>	<u>187</u>	<u>50,349</u>
Timing of revenue recognition:			
Goods transferred at a point in time	–	187	187
Services transferred over time	50,162	–	50,162
	<u>50,162</u>	<u>187</u>	<u>50,349</u>
Total revenue from contracts with customers	<u>50,162</u>	<u>187</u>	<u>50,349</u>

For the six months ended 30 June 2021

Segments	Shallow geothermal energy <i>HK\$'000</i> (Unaudited)	Air conditioning/ shallow geothermal heat pump <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Types of goods or services:			
Sale of industrial products	–	1,324	1,324
Construction services	82,538	–	82,538
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	82,538	1,324	83,862
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets:			
Mainland China	82,538	1,324	83,862
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:			
Goods transferred at a point in time	–	1,324	1,324
Services transferred over time	82,538	–	82,538
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	82,538	1,324	83,862
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2022

Segments	Shallow geothermal energy <i>HK\$'000</i> (Unaudited)	Air conditioning/ Shallow geothermal heat pump <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from contracts with customers:			
External customers	50,162	187	50,349
Intersegment sales	6,704	96	6,800
	<hr/>	<hr/>	<hr/>
Intersegment adjustments and eliminations	56,866 (6,704)	283 (96)	57,149 (6,800)
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	50,162	187	50,349
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 June 2021

Segments	Shallow geothermal energy <i>HK\$'000</i> (Unaudited)	Air conditioning/ shallow geothermal heat pump <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from contracts with customers:			
External customers	82,538	1,324	83,862
Intersegment sales	–	993	993
	82,538	2,317	84,855
Intersegment adjustments and eliminations	–	(993)	(993)
Total revenue from contracts with customers	<u>82,538</u>	<u>1,324</u>	<u>83,862</u>

	Three months ended 30 June		Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Other income				
Interest income	2	29	96	89
Sale of scrap materials	–	–	–	–
Dividend income from equity investment designated at fair value through other comprehensive income	–	–	–	–
Government grants (<i>Note</i>)	–	6	–	954
Waive of trade payables	–	–	–	–
Others	–	189	2,678	1,302
	<u>2</u>	<u>224</u>	<u>2,774</u>	<u>2,345</u>

Note: Government grants have been received in respect of certain heating projects of the Group. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank loans	283	1,071	516	1,867
Interest on lease liabilities	2,011	–	2,011	–
	<u>2,394</u>	<u>1,071</u>	<u>2,527</u>	<u>1,867</u>

6. (LOSS) BEFORE TAX

The Group's (loss) before tax is arrived at after charging/(crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of inventories sold	7,310	22,825	18,110	28,400
Cost of services provided	14,951	16,086	24,598	31,314
Depreciation	1,690	1,379	3,710	3,670
Employee benefit expense (including directors' and chief executive's remuneration)	10,470	14,880	23,000	29,400
	<u>10,470</u>	<u>14,880</u>	<u>23,000</u>	<u>29,400</u>

7. INCOME TAX EXPENSE

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI during both periods.

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax during both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, except as stated below, the tax rate of all the other PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the income tax rules and regulations of the PRC, certain subsidiaries were recognised as high and new technology enterprises and the income tax rate applicable to these subsidiaries was 15% for the six months ended 30 June 2022 (six months ended 30 June 2021: 15%).

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current – Mainland China	(84)	4	(84)	12
Deferred	–	–	–	–
Total tax charge for the period	<u>(84)</u>	<u>4</u>	<u>(84)</u>	<u>12</u>

8. DIVIDENDS

No interim dividend was paid, declared or proposed during the six months ended 30 June 2022, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2021: Nil).

9. (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss) per share amounts is based on the (loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,439,459,798 (30 June 2021: 4,447,637,000) in issue during the period.

The calculations of basic and diluted (loss) per share are based on:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)				
(Loss) for the period attributable to ordinary equity holders of the parent	<u>(21,230)</u>	<u>(4,690)</u>	<u>(36,024)</u>	<u>(26,963)</u>
		Number of shares		
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>4,439,459</u>	<u>4,447,637</u>	<u>4,439,459</u>	<u>4,447,637</u>

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group did not have any material acquisition of property, plant and equipment.

11. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	342,511	311,002
Impairment	<u>(171,685)</u>	<u>(165,017)</u>
Trade receivables, net	170,866	145,985
Bills receivables	<u>–</u>	<u>–</u>
	170,866	145,985
Less: non-current portion	<u>(104,783)</u>	<u>(106,155)</u>
Current portion	<u>66,083</u>	<u>39,830</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 90 days	109,873	127,954
91 to 180 days	4,844	1,740
181 to 365 days	5,557	6,004
Over 365 days	50,612	10,287
	170,886	145,985

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 90 days	76,740	73,633
91 to 180 days	1,855	2,047
181 to 365 days	9,873	6,334
Over 365 days	153,530	164,427
	241,998	246,441

The trade and bills payables are non-interest-bearing and are normally settled in six months.

13. SHARE CAPITAL

	Number of shares		Share capital		Share capital	
	US\$0.01 each					
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	'000	'000	US\$'000	US\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Ordinary shares						
Issued and fully paid	4,526,925	4,526,925	45,269	45,269	353,043	353,043

14. CAPITAL COMMITMENTS

The Group did not have any material capital commitment at the end of the reporting period.

15. RELATED PARTY TRANSACTIONS

- (a) Amounts due from/to related companies and associates are included in the condensed consolidated statement of financial position.
- (b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Associates:				
Purchases of products	98	802	333	2,175
Rental income	—	—	—	—
Other related parties:				
Cash deposit	—	—	—	—
Rental expense	155	—	329	—
Interest expense	—	—	—	—

(c) Compensation of key management personnel of the Group:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short term employee benefits	2,120	2,699	4,180	5,633
Post-employment benefits	—	—	—	—
Total compensation paid to key management personnel	<u>2,120</u>	<u>2,699</u>	<u>4,180</u>	<u>5,633</u>

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets				
Trade receivables, non-current portion	104,783	106,155	104,783	106,155
Equity investments designated at fair value through other comprehensive income	59,422	64,703	59,422	64,703
Financial assets at fair value through profit or loss	49	41	49	41
	<u>164,254</u>	<u>170,899</u>	<u>164,254</u>	<u>170,899</u>
Financial liabilities				
Interest-bearing bank borrowings	—	—	—	—

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests or short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions in Shares and Equity Derivatives

Name of Directors	Nature of interest	Number of Shares	Percentage of total issued Shares ⁽¹⁾
Mr. Xu Shengheng	Beneficial owner	715,646,600	15.83%
	Interest of spouse	982,800	
Ms. Chan Wai Kay Katherine	Beneficial owner	62,290,400	1.69%
	Interest of spouse	14,103,600	
Mr. Wang Manquan ⁽³⁾	Beneficial owner	716,800	0.02%
Mr. Pan Yan ⁽⁴⁾	Beneficial owner	260,000	0.01%
Ms. Liu Ening	Beneficial owner	250,000,000	5.52%
Mr. Zhang Yiying	Beneficial owner	2,504,000	5.58%
	Interest of Controlled Corporation ⁽²⁾	250,000,000	
Mr. Jia Wenzeng	Beneficial owner	2,000,000	0.04%
Mr. Wu Desheng	Beneficial owner	2,000,000	0.04%
M. Wu Qiang	Beneficial owner	2,000,000	0.04%
M. Guo Qingui ⁽⁵⁾	Beneficial owner	2,000,000	0.04%
M. Guan Chenghua	Beneficial owner	2,000,000	0.04%

Notes:

- (1) The calculation is based on (i) the aggregate number of the shares of the Company ("Shares") and, if any, underlying Shares pursuant to share awards; and (ii) the total number of 4,526,925,163 Shares in issue of the Company.
- (2) Universal Zone Limited, which is wholly owned by Mr. Zhang Yiying, holds 250,000,000 Shares.
- (3) Mr. Wang Manquan resigned as Director on 30 June 2022.
- (4) Mr. Pan Ya resigned as Director on 30 June 2022.
- (5) Mr. Guo Qingui retired as Director on 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors of the Company, as at 30 June 2022, persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to Section 336 of the SFO, to be entered into the register referred to therein, were as follows:

Long Positions in Shares and Underlying Shares

Name	Nature of interest	Number of Shares	Percentage of total issued Shares ⁽¹⁾
China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited ⁽²⁾	Beneficial interest	1,190,000,000	26.29%
China Energy Conservation and Environmental Protection Group ⁽²⁾	Interest of controlled corporation	1,190,000,000	26.29%
Ms. Luk Hoi Man	Beneficial interest	982,800	15.83%
	Interest of spouse	715,646,600	
Universal Zone Limited	Beneficial owner	250,000,000	5.52%
Mr. Wang Zhiyu	Interest of spouse	250,000,000	5.52%

Notes:

- (1) The calculation is based on (i) the aggregate number of Shares and, if any, underlying Shares pursuant to share awards; and (ii) the total number of 4,526,925,163 Shares in issue of the Company.
- (2) China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of China Energy Conservation and Environmental Protection Group, holds 1,190,000,000 Shares.

Save as disclosed above, as at 30 June 2022, the directors of the Company were not aware of any other person (other than directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein.

SHARE AWARD SCHEME

On 15 January 2020 (the “Adoption Date”), the Board approved the adoption of a share award scheme (the “Share Award Scheme”). The purposes of the Share Award Scheme are to recognise and reward the contribution of eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. For details of the Share Award Scheme, please refer to the announcement of the Company dated 15 January 2020.

Since the Adoption Date and up to 30 June 2022, a total of 58,000,000 awarded shares had been awarded and vested in accordance with the terms of Share Award Scheme and the vesting conditions as specified by the Board.

During the six months ended 30 June 2022, no awarded shares under the Share Award Scheme was granted.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the annual general meeting of the Company on 30 June 2022 and with the approval of the Registrar of Companies in the Cayman Islands on 8 July 2022 and the Registrar of Companies in Hong Kong on 4 August 2022, the name of the Company has been changed from “China Geothermal Industry Development Group Limited (中國地熱能產業發展集團有限公司)” to “CHYY Development Group Limited (中國恒有源發展集團有限公司)”.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee’s primary duties are to review and to supervise the financial reporting process, risk management and internal control systems of the Group and to provide advice and comments to the directors of the Company.

The audit committee currently comprises four independent non-executive Directors, namely, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang and Mr. Guan Chenghua. Mr. Jia Wenzeng is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited results for the Review Period and has provided advice and comment thereon.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has not adopted its own code of conduct regarding securities transactions by directors, but having made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and its code of conduct regarding securities transactions by directors during the Review Period.

CORPORATE GOVERNANCE CODE

During the Review Period, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 15 of the GEM Listing Rules, except for the deviations as follows:

Under code provision C.1.6 of the Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Zhang Yiyang, a non-executive Director, as well as Mr. Jia Wenzeng, an independent non-executive Director, did not attend the annual general meeting of the Company held on 30 June 2022 due to their engagement in other business.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the six months ended 30 June 2022 is set out below:

Changes of Directors and nominations of the Company

- 1) Ms. Hao Xia resigned as executive Director of the Company with effect from 18 February 2022.
- 2) Ms. Wang Yan resigned as executive Director of the Company with effect from 14 June 2022.
- 3) Mr. Guo Qingui retired as independent non-executive Director on 30 June 2022.
- 4) Mr. Xue Jiangyun was appointed as executive Director and the chief executive officer with effect from 14 March 2022 and retired as executive Director of the Company on 30 June 2022, but he remained as the chief executive officer of the Group.

- 5) Mr. Pan Ya was appointed as executive Director and the chief financial officer with effect from 14 March 2022 and resigned as executive Director of the Company on 30 June 2022, but he remained as the chief financial officer of the Group.
- 6) Mr. Wang Manquan resigned as executive Director of the Company with effect from 30 June 2022, but he remained as the chief security officer and vice president of the Group.
- 7) On 30 June 2022, Mr. Xu Shengheng, an executive Director, was nominated as deputy chairman of nomination committee and deputy chairman of group development strategic committee.
- 8) On 30 June 2022, Ms. Chan Wai Kay, Katherine, an executive Director, was nominated as deputy chairman of group development strategic committee.
- 9) On 30 June 2022, Mr. Dai Qi, an executive Director, was nominated as deputy chairman of remuneration committee and member of group development strategic committee.
- 10) On 30 June 2022, Mr. Yang Wei, a non-executive Director, was nominated as the deputy chairman of the Board, the deputy chairman of nomination committee and the deputy chairman of group development strategic committee.
- 11) On 30 June 2022, Mr. Zhang Yiyi, a non-executive Director, was nominated as member of group development strategic committee.
- 12) On 30 June 2022, Ms. Liu Ening, a non-executive Director, was nominated as member of group development strategic committee.
- 13) On 30 June 2022, Mr. Wu Desheng, an independent non-executive Director, was nominated as chairman of nomination committee, member of remuneration committee and member of group development strategic committee.
- 14) On 30 June 2022, Mr. Wu Qiang, an independent non-executive Director, was nominated as chairman of group development strategic committee.
- 15) On 30 June 2022, Mr. Jia Wenzeng, an independent non-executive Director, was nominated as member of group development strategic committee.
- 16) On 30 June 2022, Mr. Guan Chenghua, an independent non-executive Director, was nominated as chairman of remuneration committee and member of group development strategic committee.
- 17) On 25 May 2022, Mr. Yang Wei, a non-executive Director of the Company, was appointed as an executive director of SIIC Environment Holdings Ltd. (a company listed on the Mainboard of the Stock Exchange (Stock Code: 807) and on the Mainboard of SGX-ST in Singapore (Stock Code: BHK) respectively).

Changes in Directors' emolument

- 1) The annual salary of Mr. Xu Shengheng, the Chairman of the Company, was decreased from HK\$2,900,000 to HK\$2,500,000 for the year 2022.
- 2) The annual salary of Ms. Wang Yan, an executive Director of the Company, was decreased from HK\$1,116,000 to HK\$716,000 for the year 2022. *(Note 1)*
- 3) The annual salary of Mr. Wang Manquan, an executive Director of the Company, was decreased from HK\$1,458,000 to HK\$1,058,000 for the year 2022. *(Note 2)*
- 4) The annual salary of Ms. Hao Xia, an executive Director of the Company, was decreased from HK\$1,080,000 to HK\$680,000 for the year 2022. *(Note 3)*
- 5) The annual salary of Mr. Dai Qi, an executive Director of the Company, was decreased from HK\$756,000 to HK\$356,00 for the year 2022.

Save as disclosed above and elsewhere in this announcement, there is no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the six months ended 30 June 2022.

Note:

1. *Ms. Wang Yan resigned as Director on 14 June 2022.*
2. *Mr. Wang Manquan resigned as Director on 30 June 2022.*
3. *Ms. Hao Xia resigned Director on 18 February 2022.*

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Review Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

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

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

Hong Kong, 9 August 2022

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.