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*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8128)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF 80% EQUITY INTEREST IN  
HYDROGEN ENERGY TECHNOLOGY LIMITED  
INVOLVING ISSUE OF CONSIDERATION SHARES  
UNDER GENERAL MANDATE**

**Financial adviser to the Company**



**Diligent Capital Limited**

**THE ACQUISITION**

The Board is pleased to announce that, on 27 October 2023 (after trading hours), the Company entered into the Agreement with the Vendor and the Guarantor, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 80% of the entire issued share capital of the Target Company, at a maximum total consideration of HK\$70,200,000.

Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company, and the financial information of the Target Group will be consolidated into the Group's financial statements.

**GEM LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition are more than 5% but lower than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of certain conditions precedent under the Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

Reference is made to the announcement of the Company dated 29 September 2023 in relation to, among other things, the entering into of the letter of intent between the Company and Ding Hung Clean Energy Co., Limited (鼎鴻新能源有限公司) relating to a possible acquisition of not less than 51% equity interests in China Hydrogen Energy.

## **THE ACQUISITION**

The Board is pleased to announce that, on 27 October 2023 (after trading hours), the Company entered into the Agreement with the Vendor and the Guarantor, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares, representing 80% of the entire issued share capital of the Target Company, at a maximum total consideration of HK\$70,200,000. A summary of the key terms of the Agreement is set out below.

## **THE AGREEMENT**

Date: 27 October 2023

Parties:

- 1) The Company;
- 2) The Vendor; and
- 3) The Guarantor.

To the best knowledge of the Director's knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) as at the date of this announcement.

## **Assets to be acquired**

Subject to the terms and conditions and the fulfillment of all Conditions Precedent (as waiver, if applicable), the Vendor agreed to sell to the Company, and the Company agreed to acquire from the Vendor, the Sales Shares, which are free from liens, charges, pledges, third-party rights, encumbrances and claims.

## Consideration

Subject to the Adjustment Mechanism, the total consideration payable for the Sale Shares shall not exceed HK\$70,200,000 (the “**Consideration**”), which shall be payable by the Company to the Vendor in two installments as follows:

- (i) as to HK\$10,368,000 (the “**1<sup>st</sup> Tranche Consideration**”), representing approximately 14.77% of the Consideration, by the allotment and issuance of the Consideration Shares at the issue price of HK\$0.08 per Share, being 129,600,000 new Shares, by the Company within ten (10) Business Days after the Completion Date (the “**1<sup>st</sup> Tranche Consideration Shares**”),
- (ii) as to a maximum of HK\$59,832,000 (the “**2<sup>nd</sup> Tranche Consideration**”), representing approximately 85.23% of the Consideration, by the allotment and issuance of the Consideration Shares at the issue price of HK\$0.08 per Share by the Company within seven (7) Business Days after the completion of the audited financial statements of China Hydrogen Energy by the Auditor, which will be adjusted based on the Adjustment Mechanism (the “**2<sup>nd</sup> Tranche Consideration Shares**”).

The 1<sup>st</sup> Tranche Consideration was determined after arm’s length negotiations between the Company and the Vendor on normal commercial terms based on a discount of approximately 4.52% to 80% of the net asset value of China Hydrogen Energy of approximately RMB12,568,000 (equivalent to approximately HK\$13,573,000) as at 31 August 2023 as per its unaudited financial statements for the eight months ended 31 August 2023.

The Consideration (being the aggregate sum of the 1<sup>st</sup> Tranche Consideration and the 2<sup>nd</sup> Tranche Consideration) of HK\$70,200,000 was determined after arm’s length negotiations between the Company and the Vendor on normal commercial terms after taking into account, without limitation, the preliminary valuation of the fair value of 80% equity interest in China Hydrogen Energy of approximately RMB67,200,000 (equivalent to approximately HK\$72,576,000) as at 30 September 2023 based on the market approach (the “**Preliminary Valuation**”).

The Preliminary Valuation was prepared by an independent professional valuer (the “**Valuer**”) and the Valuer adopted the Enterprise Value (EV)/Earnings Before Interest and Tax, Depreciation and Amortisation (EBITDA) of comparable companies. Considering China Hydrogen Energy commenced its business in 2023, the Valuer employed EV as a multiple of the 2023 Target EBITDA (as defined below).

Taking into account the above, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

**Further announcement(s) will be made by the Company regarding the disclosure of the valuation of the fair value of 80% equity interest in China Hydrogen Energy, including but not limited to (i) the valuation approach(es) and method(s) used by the Valuer and the reasons for its selection; (ii) the scope of work performed by the Valuer; (iii) the nature and source of information relied upon; and (iv) the key inputs and assumptions, and how they were determined into the appraised value, as and when the Company obtained the final valuation report relating to the valuation of the fair value of 80% equity interest in China Hydrogen Energy from the Valuer.**

## Adjustment Mechanism

Pursuant to the terms of the Agreement, the 2<sup>nd</sup> Tranche Consideration will be adjusted based on the actual amount of EBITDA of China Hydrogen Energy for the year ending 31 December 2023 (the “**2023 Actual EBITDA**”) in the following manner:

- (1) If the 2023 Actual EBITDA is less than RMB6,250,000, the 2<sup>nd</sup> Tranche Consideration will be reduced to RMB0;
- (2) If the 2023 Actual EBITDA reaches RMB6,250,000 but fails to reach the target EBITDA for the year ending 31 December 2023 of RMB12,500,000 (the “**2023 Target EBITDA**”), the 2<sup>nd</sup> Tranche Consideration will be calculated according to the following formula:

$$A = (B \times C \times D \times E) - F$$

A : the adjusted 2<sup>nd</sup> Tranche Consideration

B : the 2023 Actual EBITDA

C : 80%

D : 6.5 times

E : the exchange rate of RMB1 to HK\$1.08; and

F : the 1<sup>st</sup> Tranche Consideration; or

- (3) If the 2023 Actual EBITDA is equal to or higher than the 2023 Target EBITDA (i.e. RMB12,500,000), the 2<sup>nd</sup> Tranche Consideration will be HK\$59,832,000.

For the avoidance of doubt, if the 2023 Actual EBITDA is less than RMB6,250,000, the Company is not obliged to allot and issue any 2<sup>nd</sup> Tranche Consideration Shares to the Vendor in accordance with the formula above, and the 1<sup>st</sup> Tranche Consideration Shares shall be deemed to be the full discharge of all of its payment obligations for the Consideration.

For the avoidance of doubt, if the 2023 Actual EBITDA is equal to or exceed the 2023 Target EBITDA, the 2<sup>nd</sup> Tranche Consideration Shares will remain at 747,900,000 new Shares.

In any case, the total aggregate number of the 1<sup>st</sup> Tranche Consideration Shares and the 2<sup>nd</sup> Tranche Consideration Shares shall not exceed 877,500,000 new Shares.

## Consideration Shares

The Consideration Shares will be issued at the Issue Price of HK\$0.08 per Consideration Share, which represents:

- (i) a discount of approximately 4.76% over/to the closing price of HK\$0.0840 per Share as quoted on the Stock Exchange on the date of the Agreement; and

- (ii) a premium of approximately 6.10% over/to the average closing price of HK\$0.0754 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of signing of the Agreement.

The Issue Price was determined after arm's length negotiations between the Company and the Vendor with reference to the prevailing market performance of the Shares.

The maximum number of Consideration Shares represent: (i) approximately 19.38% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

### **Conditions Precedent**

The Completion shall be conditional upon fulfillment or waiver of the following conditions precedent:

- (a) the GEM Listing Committee has approved the listing of, and the permission to deal in the Consideration Shares (including unconditional approval or only conditions subject to which neither the Vendor nor the Company has reasonable objections) and such approval has not been revoked;
- (b) the Restructuring has been legally completed in a form and content satisfactory to the Company, all necessary approvals from the relevant PRC government authorities have been obtained, and all relevant registrations have been completed in a form and content satisfactory to the Company;
- (c) the Company has obtained a legal opinion issued by a qualified PRC legal adviser in a form and content satisfactory to the Company covering, among other things, (i) the establishment, valid existence, legality, and shareholding structure of China Hydrogen Energy; (ii) the legality of business operations of China Hydrogen Energy under the PRC law; (iii) the Restructuring having been legally completed; and (iv) such other matters as the Company may reasonably be requested;
- (d) China Hydrogen Energy has been legally and effectively authorised all necessary intellectual property rights for its business operations;
- (e) the relevant third parties (including any government, official institutions or regulatory authorities) have made all necessary consents, filings and approvals with respect to the Restructuring, the Agreement and the transactions contemplated thereunder, and there are no laws, regulations, rules or decisions proposed, promulgated or adopted by any government, official institutions or regulatory authorities to prohibit or restrict the trading of the Sale Shares;
- (f) the Company has obtained a valuation report prepared by an independent professional valuer appointed by the Company in a form and content satisfactory to the Company, showing that the valuation of the entire issued share capital of China Hydrogen Energy is not less than RMB81,000,000;

- (g) the Company has reasonably satisfied and completed its due diligence on the financial, legal, business, operations and other matters of the Target Group and no material adverse changes have occurred; and
- (h) the Company did not notify the Vendor that it had acknowledged any events or circumstances that would constitute a breach of the Vendor's warranties by the Vendor or the Guarantor before the Completion.

Save as the conditions precedent (a), (b) and (e) above which cannot be waived or unless they are inconsistent with the applicable laws and regulations, the Company may waive all or any of the Conditions Precedent at any time by giving written notice to the Vendor.

On or before the Completion Date, the Company and the Vendor shall use their best effort to procure and ensure the fulfillment of the Conditions Precedent.

If the Conditions Precedent cannot be fulfilled (or otherwise waived) by the Long Stop Date, without prejudice to any party's liability for the other party's breach of any provisions of the Agreement, the Agreement and any matters contained therein (except those clauses stated in the Agreement) will terminate immediately and have no effect. If the Agreement is terminated under any of the aforementioned circumstances, no party to the Agreement may bring a claim against another party to the Agreement save for any prior breach(es) to the Agreement.

## **Completion**

The Completion shall take place on the Completion Date after all the Conditions Precedent have been fulfilled or waived (as the case may be) or such other date as the Company and the Vendor may mutually agree in writing.

Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company, and the financial information of the Target Group will be consolidated into the Group's financial statements.

## **GENERAL MANDATE**

The Consideration Shares will be allotted and issued under the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with each other and with other Shares then in issue at the time of issue of the Consideration Shares.

## **INFORMATION OF THE VENDOR**

The Vendor is a company established in the British Virgin Islands with limited liability. As at the date of this announcement, the ultimate beneficial owner of the Vendor is the Guarantor.

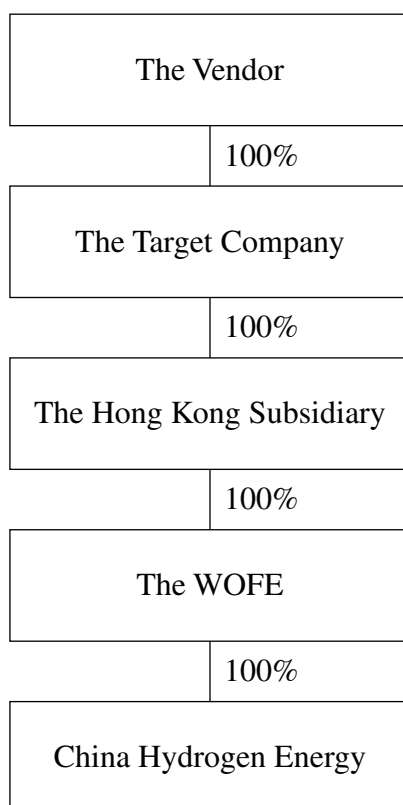
To the best knowledge of the Director's knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) as at the date of this announcement.

### **INFORMATION OF THE TARGET GROUP**

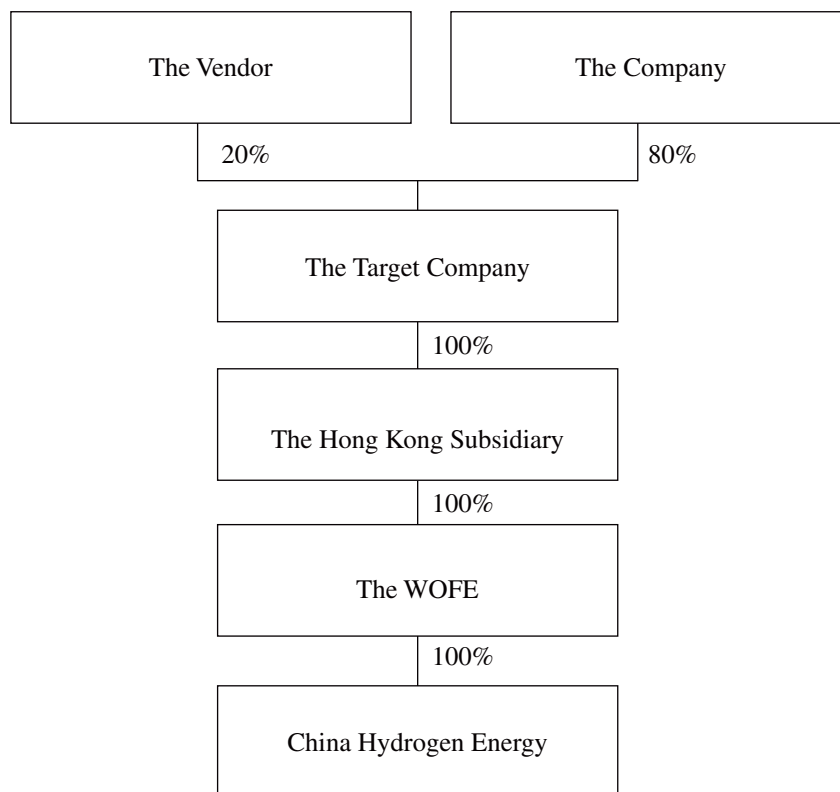
As at the date of this announcement, the Target Company is in the course of carrying out the Restructuring. The principal steps of the Restructuring will involve (i) the establishment of the WOFE; and (ii) the acquisition of the entire equity interest in China Hydrogen Energy by the WOFE after its establishment. Upon completion of the Restructuring, the Target Company will become the holding company of the Target Group.

The following charts illustrate (i) the shareholding structure of the Target Group after the Restructuring; and (ii) the shareholding structure of the Target Group upon Completion.

#### **(i) The shareholding structure of the Target Group after the Restructuring**



**(ii) The shareholding structure of the Target Group upon Completion**



**The Target Company**

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Vendor.

**The Hong Kong Subsidiary**

The Hong Kong Subsidiary is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Hong Kong Subsidiary is a wholly-owned subsidiary of the Target Company.

**The WOFE**

The WOFE will be a company established in the PRC with limited liability and will be principally engaged in investment holding. Upon completion of the Restructuring, the WOFE will be wholly owned by the Hong Kong Subsidiary.

**China Hydrogen Energy**

China Hydrogen Energy is a company established in the PRC with limited liability. As at the date of this announcement and before completion of the Restructuring, China Hydrogen Energy is ultimately and beneficially owned by the Guarantor.

Upon completion of the Restructuring, China Hydrogen Energy is wholly owned by the WOFE.



China Hydrogen Energy specializes in hydrogen fuel cell powertrain systems for the automobile industry and has independent core technologies and intellectual property in the design, simulation, control, integration, and manufacture of these systems. By leveraging technical advantages and market resources in the renewable energy, hydrogen energy, and fuel cell industry, China Hydrogen Energy aims to develop a complete and efficient hydrogen fuel cell solution provider for the automobile industry. China Hydrogen Energy provides high-reliability and cost-effective hydrogen fuel cell powertrain solutions that meet national standards and application requirements. Currently, China Hydrogen Energy's technical know-how and intellectual properties demonstrate core advantages in (i) integrated and reliable hydrogen fuel cell powertrain systems, (ii) intelligent control systems for hydrogen fuel cell powertrain systems, (iii) low-temperature unassisted quick start technology, and (iv) customized development of cost-effective hydrogen fuel cell powertrain systems for multiple scenarios.

### **Financial information of the Target Group**

Based on the information provided by the Vendor, the Target Company and the Hong Kong Subsidiary have been incorporated for less than one month. Since its incorporation, no operating activities have been conducted by the Target Company and the Hong Kong Subsidiary.

China Hydrogen Energy was established in November 2022. Based on the information provided by the Vendor, China Hydrogen Energy only started generating revenue in October 2023. As a result, no revenue was generated for the period between January and August 2023. According to the latest available unaudited financial statements of China Hydrogen Energy for the eight months ended 31 August 2023, China Hydrogen Energy recorded a loss before and after taxation of approximately RMB1,921,000.

As at 31 August 2023, the unaudited net asset value of China Hydrogen Energy was approximately RMB12,568,000.

### **INFORMATION OF THE COMPANY AND THE GROUP**

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

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 4,526,925,163 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the allotment and issuance of the maximum number of Consideration Shares and assuming there will be no other changes to the total issued share capital of the Company between the date of this announcement and the Completion Date.

Shareholders	As at the date of this announcement		Immediately upon the allotment and issuance of the maximum number of Consideration Shares and assuming there will be no other changes in the total issued share capital of the Company between the date of this announcement and the Completion Date	
	<i>Number of Shares</i>	<i>Percentage of total issued shares capital of the Company (Note 1)</i>	<i>Number of Shares</i>	<i>Percentage of total issued shares capital of the Company</i>
China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited (Note 1)	1,190,000,000	26.29	1,190,000,000	22.02
<b>Directors</b>				
Xu Shengheng (Note 2)	718,653,400	15.88	718,653,400	13.30
Chan Wai Kay Katherine (Note 3)	76,394,000	1.69	76,394,000	1.41
Zhang Yiyi (Note 4)	252,504,000	5.58	252,504,000	4.67
Liu Ening (Note 5)	250,000,000	5.52	250,000,000	4.62
Jia Wenzeng (Note 6)	2,000,000	0.04	2,000,000	0.04
Wu Desheng (Note 6)	2,000,000	0.04	2,000,000	0.04
Wu Qiang (Note 6)	2,000,000	0.04	2,000,000	0.04
Guan Chenghua (Note 6)	2,000,000	0.04	2,000,000	0.04
<b>Former Directors</b>				
Wang Manquan (Note 7)	716,800	0.02	716,800	0.01
Pan Ya (Note 8)	260,000	0.01	260,000	0.00
The Vendor	–	–	877,500,000	16.24
Public Shareholders	2,030,396,963	44.85	2,030,396,963	37.57
<b>Total</b>	<b>4,526,925,163</b>	<b>100.00</b>	<b>5,404,425,163</b>	<b>100.00</b>

*Notes:*

- (1) China Energy Conservation and Environmental Protection Group (“**CECEP**”) is a state-owned enterprise. China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited (“**CECEP(HK)**”) is a wholly-owned subsidiary of CECEP. Accordingly, CECEP is deemed to be interested in 1,190,000,000 Shares held by CECEP(HK) pursuant to the Securities and Futures Ordinance.
- (2) As at the date of this announcement, 717,770,600 Shares are held by Mr. Xu Shengheng, who is an executive Director and 982,800 Shares are held by Ms. Luk Hoi Man, who is the spouse of Mr. Xu Shengheng. Accordingly, Mr. Xu Shengheng is deemed to be interested in 982,800 Shares held by Ms. Luk Hoi Man pursuant to the Securities and Futures Ordinance.
- (3) As at the date of this announcement, 62,290,400 Shares are held by Ms. Chan Wai Kay Katherine, who is an executive Director and 14,103,600 Shares are held by Mr. Chow Ming Joe Raymond, who is the spouse of Ms. Chan Wai Kay Katherine. Accordingly, Ms. Chan Wai Kay Katherine is deemed to be interested in 14,103,600 Shares held by Mr. Chow Ming Joe Raymond pursuant to the Securities and Futures Ordinance.
- (4) As at the date of this announcement, 2,504,000 Shares are held by Mr. Zhang Yiyong, who is a non-executive Director, and 250,000,000 Shares are held by Universal Zone Limited, which is a company wholly owned by Mr. Zhang Yiyong. Accordingly, Mr. Zhang Yiyong is deemed to be interested in such 250,000,000 Shares held by Universal Zone Limited pursuant to the Securities and Futures Ordinance.
- (5) As at the date of this announcement, Ms. Liu Ening is a non-executive Director.
- (6) As at the date of this announcement, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Jia Wenzeng and Mr. Guan Chenghua are independent non-executive Directors.
- (7) Mr. Wang Manquan resigned as executive Director with effect from 30 June 2022 but remained as the chief security officer and vice president of the Group as at the date of this announcement.
- (8) Mr. Pan Ya resigned as an executive Director but remained as the chief financial officer of the Group as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

The Group is dedicated to developing the alternative energy industry regarding new energy. Currently, it is focused on promoting and applying geothermal heat pump environmental systems. These systems use the “single well circulation heat exchange” technology to achieve building heating with no combustion and zero emissions in the use area. These systems provide temperatures suitable for comfortable human life and the survival and growth of animals and plants. The Board expects that the Acquisition will gradually improve the Company’s application technology direction towards “developing and utilising green alternative energy with a cost comparable to traditional energy” and gradually realise the corporate vision of “the development of renewable energy to replace the traditional fossil energy industry: hydrogen energy + geothermal energy (hot)”.

The Company believes that the Acquisition is in line with the Group’s long-term development objectives and business development strategy, which is in the interests of the Company and its shareholders as a whole.

## GEM LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition are more than 5% but lower than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of certain conditions precedent under the Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following words and expressions shall have the meanings set out below, unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares as contemplated under the Agreement
“Adjustment Mechanism”	Adjustment mechanism to the 2 <sup>nd</sup> Tranche Consideration as set out in the Agreement
“Agreement”	the conditional sale and purchase agreement date 27 October 2023 entered into between the Company and the Vendor in relation to the Acquisition
“Auditor”	CL Partners CPA Limited or other accounting firm as agreed by the Company
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“China Hydrogen Energy”	China Hydrogen Energy (Shenzhen) New Technology Co., Ltd.* (中氫新能(深圳)新技術有限公司), a company established in the PRC with limited liability
“Company”	CHYY Development Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8128)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement

“Completion Date”	the ten (10) Business Days after the date of fulfillment (or waiver) of all the conditions set out in the Agreement (whichever is later), or such other day as the Company and the Vendor may mutually agree in writing.
“Condition(s) Precedent”	condition(s) precedent to Completion as set out in the Agreement
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rule
“Consideration”	the aggregate maximum consideration payable by the Company to the Vendor for the Acquisition, subject to the adjustment as set out in the paragraph headed “Adjustment Mechanism of the Consideration” in this announcement
“Consideration Share(s)”	the aggregate maximum number of 877,500,000 new Share(s) to be allotted and issued by the Company to the Vendor under the General Mandate
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 30 June 2022 to issue and allot up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wang Chenglin* (王成林)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Subsidiary”	Hydrogen Energy Technology (HK) Limited, a company incorporated under the law of Hong Kong with limited liability.
“Independent Third Party(ies)”	person(s) or entity(ies) who is/are third party(ies) independent of and not connected with the Company and its connected persons

“Issue Price”	HK\$0.08 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2024
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preliminary Valuation”	the preliminary valuation of the fair value of 80% equity interest in China Hydrogen Energy of approximately RMB67,200,000 (equivalent to approximately HK\$72,576,000) as at 30 September 2023 based on the market approach.
“Restructuring”	the restructuring of the Target Group to be implemented before Completion, a summary of which is set out in the section headed “INFORMATION OF THE TARGET GROUP” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	80 issued shares of the Target Company, representing 80% equity interest in the Target Company as at the date of this announcement
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hydrogen Energy Technology Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	collectively the Target Company, the Hong Kong Subsidiary, the WOFE and China Hydrogen Energy
“US\$”	United States dollars, the lawful currency of United States of American
“Valuer”	Greater China Appraisal Limited, an independent professional valuer

“Vendor”	GBT Green Energy Holding Group Limited, a company incorporated in the British Virgin Islands with limited liability
“WOFE”	a company that will be established by the Hong Kong Subsidiary under the laws of the PRC with limited liability
“1 <sup>st</sup> Tranche Consideration”	HK\$10,368,000, representing approximately 15.38% of the Consideration, payable by the Company to the Vendor for the Acquisition
“1 <sup>st</sup> Tranche Consideration Shares”	129,600,000 new Shares, to be allotted and issued by the Company to the Vendor within ten (10) Business Days after the Completion Date
“2 <sup>nd</sup> Tranche Consideration”	a maximum of HK\$59,832,000, representing approximately 84.62% of the Consideration, payable by the Company to the Vendor for the Acquisition, subject to the adjustment as set out in the paragraph headed “Adjustment Mechanism” in this announcement
“2 <sup>nd</sup> Tranche Consideration Shares”	a maximum of 747,900,000 new Shares to be allotted and issued by the Company to the Vendor within seven (7) Business Days after the completion of the audited financial statements of China Hydrogen Energy by the Auditor, subject to the adjustment as set out in the paragraph headed “Adjustment Mechanism” in this announcement
“2023 Actual EBITDA”	the actual amount of EBITDA of China Hydrogen Energy for the year ending 31 December 2023
“2023 Target EBITDA”	target EBITDA for the year ending 31 December 2023 of RMB12,500,000
“%”	per cent

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

Hong Kong, 27 October 2023

*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. Liao Yuan, Mr. Zhang Yiying and Ms. Liu Ening as non-executive Directors, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Jia Wenzeng and Mr. Guan Chenghua as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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](http://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](http://www.chyy.com.hk).*

*\* For identification purposes only*

*For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.08 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.*