



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

INTERIM REPORT

2024



Technology and
Resources Links

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This report, 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 report 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 report misleading.



HIGHLIGHTS

Revenue for the six months ended 30 June 2024 (the “Review Period”) amounted to approximately HK\$31,472,000.

Net profit after tax of the Group for the Review Period amounted to approximately HK\$159,000.

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 2023.

	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
– Shallow geothermal energy	30,617	28,977
– Air conditioning/shallow geothermal heat pump	635	1,000
– Property investment and development	220	4,400
	31,472	34,377
Profit (loss) for the period	159	(16,022)
Profit (loss) attributable to owners of the parent	176	(15,562)

During the Review Period, the Group's revenue from business amounted to approximately HK\$31,472,000 and approximately HK\$34,377,000 for the corresponding period last year. The revenue decreased by approximately HK\$2,905,000 as compared with that of corresponding period last year which was mainly attributable to the decrease in new contracts of engineering projects secured in the first half year.

Other income and gains decreased from approximately HK\$5,739,000 in the corresponding period last year to approximately HK\$4,730,000 for the six months ended 30 June 2024. The decrease was mainly due to the waiver of other payables in the corresponding period of last year.

Selling and distribution expenses amounted to approximately HK\$5,048,000 and HK\$6,237,000 for the six months ended 30 June 2024 and 2023 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 Group's further salary reforms, as well as the enhancing of controls to minimize the expenses incurred during Review Period.

During the Review Period, administrative expenses decreased by approximately HK\$6,932,000 or 29.9% as compared with that of six months ended 30 June 2023. Administrative expenses decreased which was mainly attributable to the decrease in remuneration and the relevant expenses.

Finance costs amounted to approximately HK\$1,810,000 for the six months ended 30 June 2024 as compared with approximately HK\$2,052,000 for the corresponding period last year. The finance costs mainly attributed by leased liabilities.



For the six months ended 30 June 2024, the profit for the period was approximately HK\$159,000, whereas the loss was approximately HK\$16,022,000 for the corresponding period last year. The turnaround from loss to profit was mainly due to the decrease in expenses and increase in reversal.

Order Book

As at 30 June 2024, the Group has contracts on hand of approximately HK\$50,000,000 (30 June 2023: HK\$66,000,000).

Liquidity, Capital Structure and Gearing Ratio

Net current liabilities of the Group as at 30 June 2024 was approximately HK\$20,665,000 (net current liabilities as at 31 December 2023: approximately HK\$29,308,000).

As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$53,110,000 (31 December 2023: approximately HK\$69,553,000). In addition, the Group had time deposits of approximately HK\$11,057,000. 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\$28,585,000 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 54.98% as at 30 June 2024 (31 December 2023: 55.7%).

Charges on Asset

As at 30 June 2024, 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 2024.

Significant Investment Held

As at 30 June 2024, the Group still held 4.99965% of equity interests in Beijing Life Insurance Co. Ltd., 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 2024 is 22.42%.

On 13 November 2020, Ever Source Investment Management Co., Ltd. (恒有源投資管理有限公司) ("Ever Source Investment"), an indirect wholly owned subsidiary of the Company, entered into equity transfer agreement and subsequently supplemented by a supplemental agreement to sell 4.99965% equity interests in Beijing Life Insurance Co. Ltd. for a cash 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 transaction can be referred to the Company's circular dated 26 January 2021.

Before October 2021, Ever Source Investment has received the consideration of RMB237,000,000. As announced on 25 June 2024, Ever Source Investment, a subsidiary of the Group, received the final judgment from the Beijing High People's Court (北京市高級人民法院) on 24 June 2024, please refer to the Company's announcement for details. As of 30 June 2024, the change of shareholder registration had not been completed for this transaction. Therefore, the equity transfer has not been completed as of the date of this announcement.

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 of the Group, keeping a minimum exposure to foreign exchange risks.

Contingent Liabilities

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

Employees

As at 30 June 2024, the Group had approximately 198 employees in total (31 December 2023: approximately 218). 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

On 27 October 2023, the Company entered into the agreement (the "Agreement") with GBT Green Energy Holding Group Limited (the "Vendor") and Mr. Wang Chenglin* (王成林) (the "Guarantor"), pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the shares of the Hydrogen Energy Technology Limited (the "Target Company"), a company incorporated in the British Virgin Islands with limited liability, representing 80% of the entire issued share capital of the Target Company, at a maximum total consideration of HK\$70,200,000. On 16 March 2024, the Company, the Vendor and the Guarantor entered into a side letter supplemental to the Agreement under which the parties have agreed to revise the terms to the Consideration and the Conditions Precedent under the Agreement.

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.

On 28 March 2024, the Company, the Vendor and the Guarantor entered into a second side letter pursuant to which the Company, the Vendor and the Guarantor agreed to extend the Long Stop Date from 31 March 2024 to 30 June 2024 (or such later date as the Company, the Vendor Guarantor may agree in writing) as additional time is required for the fulfilment of the Conditions Precedent.

As of 30 June 2024, the Conditions Precedent were not fulfilled (or waived) and no agreement was reached by the Vendor and the Company to further extend the Long Stop Date. Hence, the Agreement (as supplemented and revised from time to time) has lapsed.

Please refer to the announcements of the Company dated 27 October 2023, 18 March 2024, 28 March 2024 and 2 July 2024 for detail information.

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group continued to facilitate the adjustments to its business structure, focusing on its “main business”, vigorously promoting “quality improvement”, concentrating on “efficiency enhancement”, and strengthening “management and control”. Based on the strategy of “deepening the industry and refining products”, the Group enhanced the competitiveness of differentiated operation services and operating efficiency.

During the period under review, the Group’s operating income decreased compared with the same period last year, mainly due to the impact from the overall economic environment, which led to a decrease in new orders. Although the revenue decreased, the gross profit margin increased, mainly because the Group strictly implemented cost control to prioritize budget and control and manage the process, and continuously optimized the design, resulting in cost reduction.

During the period under review, under the trend of continuous decline in business and tight funds, a special debt collection team was established and the Group assigned responsibilities to each employee, implemented commitments and strictly evaluated performance, which had a relatively obvious effect, especially in recovering certain of project payments with a long age and large amounts, alleviating the current tight funds situation.



During the period under review, the Group further consolidated its internal control management to adjust the employee performance appraisal system, approval process management, approval authority control, attendance management and vehicle management. We also strengthened the independent project accounting system and budget management system, and achieved a relatively obvious effect, especially in terms of expenses, which dropped significantly compared with the same period last year.

In order to adapt to the next stage of the Group's re-entrepreneurial development, we must be clearly aware of the difficulties, opportunities and challenges in development, and accelerate the adaptation to the new normal of innovation-driven and carbon peaking and carbon neutrality goals. The Group has actively adjusted its internal organizational structure and resources, and set up "one department and four centers" as the main management line to further improve management efficiency and comprehensive utilization of resources.

The Group's management believes that under the strategic guidance of the Board, we will continue to adhere to high-quality development, actively and effectively respond to difficulties and challenges, and restart after defeating the epidemic. Under the carbon peaking and carbon neutrality goals, the Group will use new quality productive forces to promote the integration of the heating and cooling industries, and further realize clean heating of geothermal heat pumps in winter in northern China and high-quality development of emerging industries integrating heating and cooling. The Group will use the original and most stringent shallow geothermal energy collection technology to maintain groundwater quality according to local conditions, realize industrial development to use shallow geothermal energy as an alternative energy source for winter heating, further improving the scientific and rational use of heating energy with "matching temperatures and comparable energy grades".

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 six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	31,472	34,377
Cost of sales		(22,773)	(25,516)
Gross profit		8,699	8,861
Other income and gains	4	4,730	5,739
Selling and distribution expenses		(5,048)	(6,237)
Administrative expenses		(16,235)	(23,167)
Reversal of impairment losses on trade and bills receivables, net		10,045	3,194
Reversal of impairment losses on contract assets, net		6,065	842
Finance costs	5	(1,817)	(2,052)
Other expenses		(3,637)	(528)
Share of profits and losses of:			
A joint venture		(3,847)	(90)
Associates		1,758	(2,586)

	<i>Notes</i>	Six months ended	
		30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss before tax	6	(2,803)	(16,024)
Income tax expense	7	2,962	2
Profit (loss) for the period		159	(16,022)
Attributable to:			
Owners of the parent		176	(15,562)
Non-controlling interests		(17)	(460)
		159	(16,022)
Earning (loss) per share attributable to ordinary equity holders of the parent			
Basic and diluted (expressed in HK\$ cents)	9	0.003	(0.354)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) for the period	159	(16,022)
Other comprehensive loss:		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(1,451)	(3,275)
Share of other comprehensive loss of a joint venture	(338)	(240)
Share of other comprehensive loss of associates	(157)	(928)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,946)	(4,443)
Other comprehensive (loss) for the period, net of tax	(1,946)	(4,443)
Total comprehensive (loss) for the period	(1,787)	(20,465)
Attributable to:		
Owners of the parent	(1,706)	(18,951)
Non-controlling interests	(81)	(1,514)
	(1,787)	(20,465)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	143,163	146,609
Investment properties		122,822	123,703
Right-of-use assets		533	692
Investment in a joint venture		–	3,906
Investments in associates		26,650	28,202
Equity investments designated at fair value through other comprehensive income		54,581	55,761
Trade receivables		65,469	65,946
Deposits paid for acquisition of investment properties		1,581	1,593
Total non-current assets		414,799	426,412
CURRENT ASSETS			
Inventories		13,728	13,633
Properties held for sale		296,867	299,026
Trade receivables	<i>11</i>	3,412	7,090
Prepayments, other receivables and other assets		80,938	83,694
Contract assets		23,175	35,765
Amounts due from related companies		–	–
Equity investments designated at fair value through other comprehensive income		260,451	261,530
Financial assets at fair value through profit or loss		3,774	3,795
Restricted cash		58	3,712
Time deposits		11,100	689
Cash and cash equivalents		53,110	69,553
Total current assets		746,643	778,487

		30 June 2024	31 December 2023
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and bills payables	12	145,654	157,241
Other payables and accruals		394,177	415,024
Contract liabilities		33,499	38,453
Amounts due to associates		17,906	18,035
Amounts due to a joint venture		218	220
Amounts due to related companies		31,002	31,203
Lease liabilities		7,808	6,455
Tax payable		137,044	141,163
Total current liabilities		767,308	807,795
NET CURRENT (LIABILITIES)		(20,665)	(29,308)
TOTAL ASSETS LESS CURRENT LIABILITIES		394,134	397,104
NON-CURRENT LIABILITIES			
Lease liabilities		66,165	66,639
Deferred income		8,781	8,828
Deferred tax liabilities		42,703	43,047
Total non-current liabilities		117,649	118,514
Net assets		276,485	278,590



CHYY Development Group Limited

Interim Report 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
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		(96,974)	(94,950)
		247,900	249,924
Non-controlling interests		28,585	28,666
Total equity		276,485	278,590



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent												Non-controlling interests HK\$'000	Total equity HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Shares held for Share Awards Scheme HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Contributed Surplus HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000			
At 1 January 2023 (audited)	353,043	906,013	(8,169)	5,733	38,358	154,381	7,553	85,428	(11,799)	(1,279,726)	250,815	33,877	284,692	
Profit for the period	-	-	-	-	-	-	-	-	-	(15,562)	(15,562)	(460)	(16,022)	
Other comprehensive income for the year:														
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	(2,221)	-	(2,221)	(1,054)	(3,275)	
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	-	-	(240)	-	(240)	-	(240)	
Share of other comprehensive expense of associates	-	-	-	-	-	-	-	-	(928)	-	(928)	-	(928)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(3,389)	(15,562)	(18,951)	(1,514)	(20,465)	
At 30 June 2023 (unaudited)	353,043	906,013	(8,169)	5,733	38,358	154,381	7,553	85,428	(15,188)	(1,295,288)	231,864	32,363	264,227	

	Attributable to owners of the parent												Non-controlling interests HK\$'000	Total equity HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	Shares held for Share Awards Scheme HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Contributed Surplus HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000			
At 1 January 2024 (audited)	353,043	906,013	(8,169)	11,045	28,728	154,381	7,553	84,772	(11,879)	(1,275,563)	249,924	28,666	278,590	
Profit for the period	-	-	-	-	-	-	-	-	-	176	176	(17)	159	
Other comprehensive income for the year:														
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	(1,705)	-	(1,705)	(64)	(1,769)	
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	-	-	(338)	-	(338)	-	(338)	
Share of other comprehensive expense of associates	-	-	-	-	-	-	-	-	(157)	-	(157)	-	(157)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(2,200)	176	(2,024)	(81)	(2,105)	
At 30 June 2024 (unaudited)	353,043	906,013	(8,169)	11,045	28,728	154,381	7,553	84,772	(14,079)	(1,275,387)	247,900	28,585	(276,485)	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash flows (used) in operating activities	(14,331)	14,981
Net cash flows from investing activities	937	1,269
Net cash flows (used) in financing activities	<u>—</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	(13,394)	16,250
Cash and cash equivalents at the beginning of period	64,875	47,043
Effect of foreign exchange rate changes, net	<u>1,629</u>	<u>(764)</u>
Cash and cash equivalents at the end of period	<u>53,110</u>	<u>62,529</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 2024, 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 2024 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 2024 are consistent with those adopted in the annual financial statements for the year ended 31 December 2023. The condensed consolidated interim financial statements for the six months ended 30 June 2024 should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

On 1 January 2024, 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 2024 and 2023, 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (note 4)										
Sales to external customers	30,617	28,977	635	1,000	220	4,400	-	-	31,472	34,377
Intersegment sales	3,130	6,899	-	673	-	-	-	-	3,130	6,572
	33,747	34,876	635	1,673	220	4,400	-	-	34,602	40,949
Reconciliation:										
Elimination of intersegment sales									(3,130)	(6,572)
Revenue									31,472	34,377
Segment results	9,185	8,788	635	(679)	220	220	-	-	9,500	8,329
Reconciliation:										
Elimination of intersegment results									-	-
Share of profits and losses of associates									(5,605)	(2,676)
Unallocated other income									4,562	4,415
Corporate and other unallocated expenses									(9,692)	(25,779)
Finance costs (other than interest on lease liabilities)									(1,568)	(313)
(Loss) before tax									(2,803)	(16,024)



(b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively:

	30 June 2024				
	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)	Total HK\$'000 (Unaudited)
Segment assets	569,572	7,955	485,484	314,484	1,377,496
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(308,377)
Corporate and other unallocated assets					92,323
Total assets					1,161,442
Segment liabilities	587,798	23,107	331,659	9,870	952,434
<i>Reconciliation:</i>					
Elimination of intersegment payables					(308,377)
Corporate and other unallocated liabilities					240,900
Total liabilities					884,957



	31 December 2023				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	572,367	38,028	487,867	321,544	1,419,806
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(322,509)
Corporate and other unallocated assets					107,602
Total assets					1,204,899
Segment liabilities	625,855	39,042	339,407	10,486	1,015,150
<i>Reconciliation:</i>					
Elimination of intersegment payables					(322,509)
Corporate and other unallocated liabilities					233,668
Total liabilities					926,309

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue from contracts with customers	31,252	29,977
Revenue from other sources		
Rental income	220	4,400
	31,472	34,377

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	Shallow geothermal energy HK\$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services:			
Sale of industrial products	–	635	635
Construction services	<u>30,617</u>	<u>–</u>	<u>30,617</u>
Total revenue from contracts with customers	<u>30,617</u>	<u>635</u>	<u>31,252</u>
Geographical markets:			
Mainland China	<u>30,617</u>	<u>635</u>	<u>31,252</u>
Timing of revenue recognition:			
Goods transferred at a point in time	–	635	635
Services transferred over time	<u>30,617</u>	<u>–</u>	<u>30,617</u>
Total revenue from contracts with customers	<u>30,617</u>	<u>635</u>	<u>31,252</u>



For the six months ended 30 June 2023

Segments	Shallow geothermal energy HK\$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services:			
Sale of industrial products	–	1,000	1,000
Construction services	28,977	–	28,977
Total revenue from contracts with customers	<u>28,977</u>	<u>1,000</u>	<u>29,977</u>
Geographical markets:			
Mainland China	<u>28,977</u>	<u>1,000</u>	<u>29,977</u>
Timing of revenue recognition:			
Goods transferred at a point in time	–	1,000	1,000
Services transferred over time	28,977	–	28,977
Total revenue from contracts with customers	<u>28,977</u>	<u>1,000</u>	<u>29,977</u>



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 2024

Segments	Shallow geothermal energy HK\$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from contracts with customers:			
External customers	30,617	635	31,252
Intersegment sales	<u>3,130</u>	<u>-</u>	<u>3,130</u>
	33,747	635	34,382
Intersegment adjustments and eliminations	<u>(3,130)</u>	<u>-</u>	<u>(3,130)</u>
Total revenue from contracts with customers	<u><u>30,617</u></u>	<u><u>635</u></u>	<u><u>31,252</u></u>



For the six months ended 30 June 2023

Segments	Shallow geothermal energy HK\$'000 (Unaudited)	Air conditioning/ shallow geothermal heat pump HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from contracts with customers:			
External customers	28,977	1,000	29,977
Intersegment sales	5,899	673	6,572
	34,876	1,673	36,549
Intersegment adjustments and eliminations	(5,899)	(673)	(6,572)
Total revenue from contracts with customers	28,977	1,000	29,977

**Six months ended
30 June**

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Other income		
Interest income	1,749	380
Sale of scrap materials	–	189
Dividend income from equity investment designated at fair value through other comprehensive income	1,221	1,288
Waive of trade payables	65	2,509
Others	1,695	1,373
	4,730	5,739



5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	392	313
Interest on lease liabilities	1,425	1,739
	1,817	2,052

6. PROFIT (LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	9,782	10,335
Cost of services provided	12,981	15,185
Depreciation	2,270	3,464
Employee benefit expense (including directors' and chief executive's remuneration)	12,400	17,710

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 2024 (six months ended 30 June 2023: 15%).

	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Mainland China	53	(2)
Over-provision in prior years	(3,015)	–
Deferred	–	–
	<hr/>	<hr/>
Total tax charge for the period	(2,962)	(2)

8. DIVIDENDS

No interim dividend was paid, declared or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2023: Nil).

9. PROFIT (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 4,526,925,163 (30 June 2023: 4,526,925,163) in issue during the period.

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

	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings/(Loss)		
Earnings/(loss) for the period attributable to ordinary equity holders of the parent	176	(15,562)
Number of shares		
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	4,526,925	4,526,925

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group did not have any material acquisition of property, plant and equipment.



11. TRADE RECEIVABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables	170,974	169,196
Impairment	(169,485)	(166,062)
Trade receivables, net	1,489	3,134
Finance lease receivables	67,122	69,902
Less: non-current portion	(65,469)	(65,946)
Current portion	3,142	7,090

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 90 days	592	1,140
91 to 180 days	444	493
181 to 365 days	370	969
Over 365 days	83	532
	1,489	3,134

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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 90 days	28,977	25,433
91 to 180 days	19,263	16,399
181 to 365 days	21,134	17,320
Over 365 days	76,280	88,089
	145,654	157,241

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		US\$'000		HK\$'000	
	30 June 2024 '000 (Unaudited)	31 December 2023 '000 (Audited)	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (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:

	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Associates:		
Purchases of products	–	61
Other related parties:		
Rental expense	330	330

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

	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	3,820	4,045
Post-employment benefits	–	–
Total compensation paid to key management personnel	3,820	4,045



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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Financial assets				
Trade receivables, non-current portion	65,469	65,946	65,469	65,946
Equity investments designated at fair value through other comprehensive income	54,581	55,761	54,581	55,761
Financial assets at fair value through profit or loss	3,774	3,795	3,774	3,795
	123,824	125,502	123,824	125,502
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 2024, 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 Underlying Shares

Name of Director	Capacity	Number of Shares interested by nature	Percentage of total issued Shares capital of the Company⁽¹⁾
Mr. Xu Shengheng (徐生恒先生)	Beneficial owner	722,170,600	15.97%
	Interest of spouse ⁽²⁾	982,800	
Ms. Chan Wai Kay Katherine (陳蕙姬女士) ⁽³⁾	Beneficial owner	66,790,400	1.79%
	Interest of spouse ⁽⁴⁾	14,103,600	
Ms. Liu Ening (劉炯寧女士)	Beneficial owner	253,000,000	5.59%
Mr. Zhang Yiyi (張軼穎先生)	Beneficial owner	5,504,000	5.64%
	Interest of Controlled Corporation ⁽⁵⁾	250,000,000	
Mr. Wu Qiang (武強先生)	Beneficial owner	5,000,000	0.11%
Mr. Guan Chenghua (關成華先生)	Beneficial owner	5,000,000	0.11%

Notes:

- (1) The calculation is based on (i) the aggregate number of the shares of the Company (“Shares”) and, if any, the underlying Shares pursuant to share awards; and (ii) the total number of 4,526,925,163 Shares in issue of the Company as at 30 June 2024 used for the calculation of the approximate percentage.
- (2) The interests are beneficially held by Ms. Luk Hoi Man (陸海汶女士), the spouse of Mr. Xu Shengheng, comprising 982,800 Shares. Pursuant to the SFO, Mr. Xu Shengheng is deemed to be interested in all the interests held by Ms. Luk Hoi Man (陸海汶女士).
- (3) Ms. Chan Wai Kay Katherine retired by rotation as an executive Director at the conclusion of the AGM held on 7 June 2024, please refer to the announcement of the Company dated 7 June 2024 for details.
- (4) The interests are beneficially held by Mr. Chow Ming Joe Raymond (周明祖先生), the spouse of Ms. Chan Wai Kay Katherine, comprising 14,103,600 Shares. Pursuant to the SFO, Ms. Chan Wai Kay Katherine is deemed to be interested in all interests held by Mr. Chow Ming Joe Raymond (周明祖先生).
- (5) The interests are beneficially held by Universal Zone Limited (“Universal Zone”), which is wholly owned by Mr. Zhang Yiyong. Pursuant to the SFO, Mr. Zhang Yiyong is deemed to be interested in all the shares held by Universal Zone.

Save as disclosed above, as at 30 June 2024, 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 OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER SFO

So far as is known to the directors of the Company, as at 30 June 2024, 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	Capacity	Number of Shares interested	Percentage of total issued Shares capital of the Company⁽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 (陸海汶女士)	Beneficial owner	982,800	
	Interest of spouse ⁽³⁾	722,170,600	15.97%
Mr. Wang Zhiyu (王志宇先生)	Interest of spouse ⁽⁴⁾	253,000,000	5.59%
Ms. Wang Xinmeng (王心萌女士)	Interest of spouse ⁽⁵⁾	255,504,000	5.64%
Universal Zone Limited ⁽⁴⁾	Interest of controlled corporation	250,000,000	5.52%

Notes:

- (1) The calculation is based on (i) the aggregate number of the shares of the Company ("Shares") and, if any, the underlying Shares pursuant to share awards; and (ii) the total number of 4,526,925,163 Shares in issue of the Company as at 30 June 2024 used for the calculation of the approximate percentage.
- (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.

- (3) The interests are beneficially held by Mr. Xu Shengheng (徐生恒先生), the spouse of Ms. Luk Hoi Man (陸海汶女士), comprising 722,170,600 Shares. Pursuant to the SFO, Ms. Luk Hoi Man (陸海汶女士) is deemed to be interested in all the interests held by Mr. Xu Shengheng (徐生恒先生).
- (4) The interests are beneficially held by Ms. Liu Ening (劉嫻寧女士), the spouse of Mr. Wang Zhiyu (王志宇先生), comprising 253,000,000 Shares. Pursuant to the SFO, Mr. Wang Zhiyu (王志宇先生) is deemed to be interested in all the interests held by Ms. Liu Ening (劉嫻寧女士).
- (5) The interests are beneficially held by Mr. Zhang Yiyang (張軼穎先生), the spouse of Ms. Wang Xinmeng (王心萌女士), comprising 255,504,000 Shares. Pursuant to the SFO, Mr. Wang Xinmeng (王心萌女士) is deemed to be interested in all the interests held by Mr. Zhang Yiyang (張軼穎先生).

Save as disclosed above, as at 30 June 2024, 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 SCHEMES

(I) The 2024 Share Option Scheme

The 2024 Share Option Scheme was duly passed by the Shareholders at the EGM held on 7 June 2024 and will be adopted subject to the approval granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued in respect of all Share Options to be granted in accordance with the terms and conditions of the 2024 Share Option Scheme.

(II) The 2024 Share Award Scheme

The 2024 Share Award Scheme was duly passed by the Shareholders at the EGM held on 7 June 2024 and will be adopted subject to the approval granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued in respect of all Share Awards to be granted in accordance with the terms and conditions of the 2024 Share Award Scheme.

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.

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 three independent non-executive Directors, namely, Mr. Zhang Honghai, Mr. Wu Qiang and Mr. Guan Chenghua. Mr. Zhang Honghai 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, 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 all code provisions set out in Part 2 of the Corporate Governance Code (the "CG Code") as set forth in Appendix C1 of the GEM Listing Rules, except for the deviations as follows:

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

Mr. Liao Yuan, the non-executive director, did not attend the annual general meeting and the extraordinary general meeting held on 7 June 2024 due to his engagement in other business.

NON-COMPLIANCE WITH RULE 5.05A OF THE GEM LISTING RULES

Upon the appointment of Mr. Zhang Wei as an executive director on 28 March 2024, the Company failed to comply with the minimum number of independent non-executive directors as required under Rule 5.05A of the GEM Listing Rules. On 7 June 2024, following the retirement of Ms. Chan Wai Kay, Katherine as an executive Director at the conclusion of the AGM, the Company has been in compliance with the requirements under Rule 5.05A of the GEM Listing Rules.

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 2024 is set out below:

- a) Mr. Zhang Wei has been appointed as an executive Director and the member of Group Development Strategic Committee of the Company, with effect from 28 March 2024. Mr. Zhang Wei is entitled to an annual remuneration for the year 2024 with base salary of HK\$148,550 plus a performance bonus (performance bonus will be subject to a formula as determined by the remuneration committee of the Board which will be calculated based on the key performance indicators of the Company's year 2024 operating results).
- b) Ms. Chan Wai Kay, Katherine has retired by rotation as an executive Director at the conclusion of the AGM held on 7 June 2024 and has ceased to be the deputy chairman of the Board and the Group Development Strategic Committee.

Save as disclosed above, 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 2024.

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 report, the Board comprises Mr. Xu Shengheng, Mr. Dai Qi and Mr. Zhang Wei as executive Directors, Mr. Liao Yuan, Ms. Liu Ening and Mr. Zhang Yiyang as non-executive Directors, Mr. Zhang Honghai, Mr. Wu Qiang and Mr. Guan Chenghua as independent non-executive Directors.

By Order of the Board of
CHYY Development Group Limited
Xu Shengheng
Joint Chairman & Executive Director

Hong Kong, 28 August 2024

