

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

GRANT OF SHARE AWARDS

This announcement is issued by CHYY Development Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 23.06A to 26.06C of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcement of the Company dated 15 January 2020 (the “**Announcement**”) in relation to the adoption of the share award scheme by the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company (the “**Scheme**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

GRANT OF AWARD SHARES PURSUANT TO THE SCHEME

On 11 October 2023, the Board resolved to grant a total of 44,500,000 Award Shares, which are existing Shares held by the Trustee through acquisition from the open market by utilising the Company’s internal resources provided to the Trustee, to 11 share award grantees (the “**Grantee(s)**”), pursuant to the Scheme at nil consideration, subject to the acceptance by the Grantees (the “**Grant**”).

Details of the Award Shares are as follows:

Date of Grant	:	12 October 2023
Number of Award Shares granted	:	44,500,000 Award Shares
Number of Grantees	:	11
Consideration for the Award Shares	:	Nil
Market price of the Shares on the date of the Grant	:	HK\$0.026 per Share

Vesting of the Award Shares : All of the Award Shares shall vest in the Grantees on the date of Grant, subject to the acceptance by the Grantees.

Under the Scheme, (which was adopted before the effective date of the new Chapter 23 of the GEM Listing Rules (being 1 January 2023)), there are no restrictions prohibiting a vesting period of less than 12 months.

The Board is of the view that a vesting period of less than 12 months is appropriate considering that the grants of Award Shares serve as a recognition of the Grantees' past contribution to the Group, in particular the Grantees' performance since the first half of 2023 which contributed to the preparation of the Group's financial statements and financial performance despite the lingering adverse impact of COVID-19 in the previous years, and can motivate and incentivise the Grantees to continuously contribute to the operation, development and long-term growth of the Group.

The Board is of the view that the grants of Award Shares to the Grantees with no vesting period aligns with the purpose of the Scheme.

Financial assistance : The Group has not provided any financial assistance to the Grantees to facilitate the purchase of Award Shares under the Scheme.

Performance target : There is no performance target attached to the Award Shares.

Clawback mechanism : The rules of the Scheme provide that any outstanding Award Shares not yet vested shall be immediately forfeited (i) in the event of any failure of the Grantees to remain as eligible persons under the Scheme prior to the vesting date of the Award Shares, or (ii) in the event of the death of a Grantee, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

The 44,500,000 Award Shares granted to the Grantees represent approximately 0.98% of the issued share capital of the Company as at the date of this announcement. The 44,500,000 Award Shares represent the value of approximately HK\$1,157,000, taking into account the latest available closing price of HK\$0.026 per Share prior to the date of suspension of trading of Shares issued by the Stock Exchange on the date of Grant.

The Grant would not result in the options and awards granted and to be granted to each individual Grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the Shares in issue.

Out of the total 44,500,000 Award Shares, 34,500,000 Award Shares are granted to the Directors and the remaining 10,000,000 Award Shares are granted to other employee of the Group:

Name of Grantees	Position in the Group	Number of Award Shares
Mr. Xu Shengheng	Executive Director	4,500,000
Ms. Chan Wai Kay, Katherine	Executive Director	4,500,000
Mr. Dai Qi	Executive Director	4,500,000
Mr. Liao Yuan	Non-executive Director	3,000,000
Mr. Zhang Yiyang	Non-executive Director	3,000,000
Ms. Liu Ening	Non-executive Director	3,000,000
Mr. Wu Desheng	Independent non-executive Director	3,000,000
Mr. Wu Qiang	Independent non-executive Director	3,000,000
Mr. Jia Wenzeng	Independent non-executive Director	3,000,000
Mr. Guan Chenghua	Independent non-executive Director	3,000,000
Other employee	Chief scientist of the Group	10,000,000
	Total	44,500,000

The grant of the Award Shares to the Directors has been approved by the remuneration committee of the Company and the Board (including all four independent non-executive Directors, save and except for the relevant Director who is a Grantee whom has abstained from voting in relation to the grant of Award Shares to himself/herself).

Since Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine, Mr. Dai Qi, Mr. Liao Yuan, Mr. Zhang Yiyang, Ms. Liu Ening, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Jia Wenzeng and Mr. Guan Chenghua are connected persons of the Company as defined under the GEM Listing Rules, the grant of Award Shares to each of them constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios in respect of the grant of the Award Shares to the Grantees are below 0.1% and the grant of Award Shares is on normal commercial terms, such grant of Award Shares to each of them is fully exempt from reporting, announcement and shareholders' approval under Rule 20.71(1) and Rule 20.74(1) of the GEM Listing Rules.

REASONS FOR AND BENEFIT OF THE GRANT OF AWARD SHARES

The objectives of the Scheme are to recognise the contributions by certain Eligible Persons and to give incentives thereto to them in order to encourage and retain them for the continual operation and development of the Group, aligning the interest of the Grantees with those of the Group through ownership of the Shares, dividends and other distributions paid on the Shares and/or the increase in the value of the Shares.

The purpose of the grant of the Award Shares to the Grantees, comprising the employees of the Group (including all Directors), is to (i) recognise the Grantees' contribution to the preparation of the Group's financial statements, business performance and development of the Group; and (ii) encourage and retain the Grantees to make continual contributions to the long-term growth and profits of the Group.

The Board of directors believes that the grant of the Award Shares to the Grantees, the respective terms and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

After the grant of the 44,500,000 Award Shares, a total of 90,500,000 Shares will be available for future grant pursuant to the Scheme. Except for the 90,500,000 Award Shares, the Trustee does not hold any more Shares on trust for the Scheme as at the date of this announcement which will be available for future grant pursuant to the Scheme.

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

Hong Kong, 12 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 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.