

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 Codes : 8128)

THE 2024 SHARE OPTION SCHEME

Adopted by ordinary resolution on [Date] 2024
Effective on [Date] 2024

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DEFINITIONS

2020 Share Award Scheme	the Company's share award scheme approved and adopted by the Board on 15 January 2020
2024 Share Award Scheme	the Company's share award scheme approved and adopted by the Board on [•] 2024
2024 Share Option Scheme	the Company's share option scheme approved and adopted by the Board on [•] 2024
2024 Share Schemes	collectively, the 2024 Share Award Scheme and the 2024 Share Option Scheme
Adoption Date	[•] 2024, being the date on which this Scheme becomes unconditional
Associate(s)	has the same meaning as defined in the GEM Listing Rules
Board	the board of Directors for the time being or a duly authorised committee thereof
Company	CHYY Development Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM Board of the Hong Kong Stock Exchange
connected person(s)	has the meaning ascribed to it under the GEM Listing Rules
Director(s)	director(s) of the Company
Eligible Person(s)	(i) any Employee Participant; (ii) any director or employee of a Related Entity; and (iii) any Service Provider
Employee Participant(s)	any director (including executive, non-executive and independent non-executive director) or employee of any member of the Group (including persons who are granted options or awards under the 2024 Share Schemes as an inducement to enter into employment contracts with these companies)
GEM Listing Rules	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited

<i>Grant Date</i>	when a Share Option and/or Share Award has been accepted by the Grantee and/or Selected Participant (as the case may be) according to the 2024 Share Option Scheme or 2024 Share Award Scheme and a letter of grant, the date of such letter of grant in respect of the accepted Share Option or Share Award
<i>Grantee(s)</i>	any Eligible Person who accepts an Offer in accordance with the terms of the 2024 Share Option Scheme, or (where the context so permits) a person entitled, in accordance with the laws of succession applicable, to exercise any option in consequence of the death of the original Grantee
<i>Group</i>	the Company and its subsidiaries
<i>Hong Kong</i>	the Hong Kong Special Administrative Region of the People's Republic of China
<i>Offer</i>	the offer of the grant of a Share Option pursuant to the 2024 Share Option Scheme
<i>Offer Date</i>	the date on which an Offer is made to an Eligible Person which date must be a business day
<i>Other Scheme(s)</i>	all the schemes or arrangements involving the grant by the Company or any member of the Group of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or arrangements which, in the opinion of the Stock Exchange, is analogous to a share scheme as described in Chapter 23 of the GEM Listing Rules, other than the 2020 Share Award Scheme and the 2024 Share Schemes
<i>Related Entity</i>	a holding company (as defined in the GEM Listing Rules), a fellow subsidiary ("subsidiary" as defined in the GEM Listing Rules) or an associated company of the Company
<i>Related Entity Participant(s)</i>	any Eligible Person who is a director or an employee of a Related Entity
<i>Remuneration Committee</i>	the remuneration committee of the Company

<i>Scheme Mandate Limit</i>	the limit on the total number of Shares which may be allotted and issued in respect of (i) all Share Options and Share Awards; (ii) all share options and all share awards that may be granted under any Other Schemes, which must not exceed 10% of the total number of Shares in issue as at the Adoption Date
<i>Selected Participant(s)</i>	any Eligible Person(s) selected by the Board in accordance with the terms of the 2024 Share Schemes
<i>Service Provider(s)</i>	any person who, or entity which, provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group or which will contribute significantly to the growth of the Group's financial or business performance, including independent contractors, consultants, agents, and advisers engaged to provide services in relation to subcontracted engineering construction, technical consulting on the principal business activities in development of its non-combustion, integrated heating and cooling systems that utilize geothermal energy, and the promotion of its comprehensive shallow ground source heating and cooling energy system solutions of the Group, as determined by the Board in its sole and absolute discretion, provided that any (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Service Providers
<i>Service Provider Sublimit</i>	where the Selected Participants include Service Provider(s), the limit on the total number of Shares which may be allotted and issued in respect of (i) all Share Options and Share Awards; (ii) all share options and all share awards that may be granted under any Other Schemes, which must not exceed 1% of the total number of Shares in issue as at the Adoption Date
<i>SFO</i>	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

<i>Share Award(s)</i>	an award of Shares pursuant to the 2024 Share Award Scheme
<i>Share Option(s)</i>	a right to subscribe for Shares pursuant to the 2024 Share Option Scheme
<i>Share(s)</i>	ordinary share(s) of US\$0.01 each in the share capital of the Company
<i>Shareholder(s)</i>	holder(s) of the Share(s)
<i>Stock Exchange</i>	The Stock Exchange of Hong Kong Limited
<i>%</i>	per cent

1. PURPOSES

The objectives of the 2024 Share Option Scheme are to:

- (i) recognise the contributions by certain Selected Participants with an opportunity to acquire a proprietary interest in the Company;
- (ii) encourage and retain such individuals for the continual operation and development of the Group;
- (iii) provide additional incentives for them to achieve performance goals;
- (iv) attract suitable personnel for further development of the Group; and
- (v) motivate the Selected Participants to maximise the value of the Company for the benefits of both the Selected Participants and the Company,

with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Selected Participants directly to the Shareholders through ownership of Shares.

2. WHO MAY JOIN AND CRITERIA FOR DETERMINING ELIGIBLE PERSONS

The Board may, in its absolute discretion, grant options to any Eligible Person comprise: (i) any Employee Participant; (ii) any director or employee of a Related Entity; and (iii) any Service Provider.

In determining the basis of eligibility of each Eligible Person, the Board will take into consideration matters including but without limitation the present and future contribution of the relevant Eligible Person, the performance of the relevant Eligible Person as well as the Group's overall business objectives and future development plan.

In respect of the eligibility of the Employee Participants, the Board will consider, amongst others, (i) the individual performance; (ii) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; and (iii) the length of engagement with the Group.

In the case of Service Providers, such category of participants include independent contractors, consultants, agents, advisers and service providers of any member of the Group who provide services (including (i) subcontracted services relating to the engineering construction of the Group; (ii) technical consulting services on the principal business activities in development of its non-combustion, integrated heating and cooling systems that utilize geothermal energy; and (iii) the market and business development services relating to the promotion of its comprehensive shallow ground source heating and cooling energy system solutions) to the Group to support the Group's business activities for the time being and in the future.

In respect of the eligibility of Service Providers, the Board will, on a case by case basis, take into account the following factors, including but not limited to (i) the favorable pricing offered by long-term cooperative Service Providers; (ii) the length of business relationship between the specialized Service Providers and the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (iv) the background, reputation and track record of the relevant Service Providers; (v) the Service Providers' actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit; and (vi) the Group's future business plans in relation to further collaboration with such Service Providers and the long-term support that the Group may receive accordingly.

Further to the above criteria, set out below is the detailed basis of determining the eligibility of each category of the Service Providers:

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the 2024 Share Schemes
Independent contractors	<p>Independent contractors in this category refer to the subcontracted service providers who offer engineering, construction and project implementation services, on a recurring basis, related to the Group's shallow geothermal energy projects.</p> <p>These independent contractors consistently support the Group's engineering construction, covering different stages of the Group's engineering projects, including, among others: (i) Drilling and wellhead installation for the Group's geothermal energy collection; and (ii) Wiring, piping and other installation services for the Group's air conditioning projects.</p> <p>The Group recognises the importance of maintaining an ongoing collaborative relationship with independent contractors, as their technical expertise, engineering services and project execution capabilities are essential for the successful delivery of the Group's geothermal energy solutions. The Group believes it would be mutually beneficial to grant proprietary ownership in the Company to these Service Providers, fostering a vested shareholding interest in the Company and incentivizing them to provide stable, high-quality support for the Group's engineering construction.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <ul style="list-style-type: none"> (a) the favorable pricing offered by the long-term cooperative engineering subcontractors, which allows the Group to reduce the costs associated with self-performing the engineering work, such as labor and equipment expenses; (b) the specialized expertise of the long-term cooperative engineering subcontractors in different stages of the engineering projects, which enables them to take charge of the portions they are most proficient in, thereby allowing them to better understand and cater to the Group's subcontracting requirements, ultimately improving the overall efficiency and productivity of the engineering projects; (c) the benefits and strategic value brought by the Service Providers to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Providers' collaboration with the Group; and (d) the business opportunities and external connections that the Service Providers have introduced or will potentially introduce to the Group.

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the 2024 Share Schemes
Advisers or consultants	<p data-bbox="564 351 951 527">Advisers, consultants and service providers under this category would be individuals and/or businesses which provide, on a monthly or recurring basis, the following advisory and consultancy services to the Group:</p> <p data-bbox="564 570 951 804">(i) Technical Advisory Services: Experts who provide advisory and consultancy services related to the Group's principal business activities in development of its non-combustion, integrated heating and cooling systems that utilize geothermal energy.</p> <p data-bbox="564 846 951 1266">(ii) Marketing and Business Development Services: Advisers who provide regular support to the Group in areas concerning business strategy and marketing activities in relation to the promotion of its comprehensive shallow ground source heating and cooling energy system solutions for various types of buildings across different regions, including mainland China, North America, Australia, and Eastern Europe.</p>	<p data-bbox="979 351 1370 500">The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <p data-bbox="979 542 1370 804">(a) the expertise, professional qualifications and industry experience of the Service Providers, particularly in the area of single well circulation heat exchange collection technology for shallow geothermal energy applications, including senior experts and academicians;</p> <p data-bbox="979 846 1370 932">(b) the prevailing market fees chargeable by other services providers;</p> <p data-bbox="979 974 1370 1059">(c) the Group's period of engagement of or collaboration with the Service Providers;</p> <p data-bbox="979 1102 1370 1251">(d) the Service Providers' actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit; and</p> <p data-bbox="979 1293 1370 1547">(e) the extensive industry connections, relationships and proven track record of the Service Providers in securing engineering project opportunities through their marketing and business development services, which go beyond the capabilities of Employee Participants.</p>

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under the 2024 Share Schemes
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The Group may seek advisory services and consultancy services from consultants or advisers with the expertise, professional qualifications and industry experience, which can bring positive impacts or strategic benefits to the Group's business growth and development. Granting performance rewards in the form of Share Options to such Service Providers will motivate them to continuously devote resources towards the Group and serves to bind their interests with the Group's interests in the long term.

Under the share option scheme adopted by the Company on 28 July 2010, the Board granted a total of 80.5 million share options to the following categories of Service Providers:

- (i) Providers of Technical Advisory Services:
52 million shares;
- (ii) Providers of Marketing and Business Development Services:
6 million shares; and
- (iii) Providers of management consulting services covering the Group's business operations and management, including cost control and expense management, financial management, and production safety operations:
22.5 million shares.

Such granting of the Shares aims to incentivize them to continuously devote their specialized expertise, industry knowledge, and strategic resources towards supporting the Group's evolving business needs and serves to bind their interests with the Group's interests in the long term.

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length, type and nature of services and strategic benefit provided to the Group by such Service Provider, and the recurrences and regularity of such services, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

In assessing the eligibility of Related Entity Participants, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group.

3. ADMINISTRATION

Subject to the GEM Listing Rules, the 2024 Share Option Scheme shall be subject to the administration of the Board or a committee of the Board including the independent non-executive Directors and the decision of the Board or such committee shall be final and binding on all parties. Notwithstanding the foregoing, to the extent permitted under the GEM Listing Rules, the Board and such committee may delegate the authority to administer the 2024 Share Option Scheme to a member of such committee or other person(s) as deemed appropriate at the sole discretion of the Board and/or such committee.

4. PRICE OF SHARES

The subscription price for Shares under the 2024 Share Option Scheme will be a price determined by the Board and notified to an Eligible Person.

The subscription price will be the highest of:

- (i) the nominal value of a Share;
- (ii) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Grant Date, which must be a business day; and
- (iii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Grant Date.

5. MAXIMUM NUMBER OF SHARES

- (i) subject to refreshment and adjustment upon Share consolidation or subdivision, the maximum number of Shares which may be allotted and issued in respect of (a) all Share Options and/or Share Awards; and (b) all share options and all share awards to be granted under any Other Schemes (i.e. the Scheme Mandate Limit) must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date.
- (ii) where the Selected Participants include Service Provider(s), the maximum number of Shares which may be allotted and issued in respect of (a) all Share Options and/or Share Awards; (b) all share options and all share awards to be granted under any Other Schemes (i.e. the Service Provider Sublimit) must not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date, unless the Company has obtained separate approval by Shareholders in general meeting.

- (iii) the Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment, provided that the total number of Shares which may be issued in respect of (a) all Share Options and all Share Awards; and (b) all share options and all share awards to be granted under any Other Schemes under the Scheme Mandate Limit as refreshed (the "**New Scheme Mandate Limit**") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1%) of the Shares in issue at the date of the Shareholders' approval of such New Scheme Mandate Limit (and New Service Provider Sublimit). Shares which are subject matter of any Share Options and Share Awards and any share options and share awards previously granted under any Other Schemes (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the 2024 Share Schemes or any Other Schemes) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Mandate Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of Share Options, share options and share awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment.
- (iv) for any 12-month period up to and including the date of grant of Share Options, the aggregate number of Shares issued and to be issued in respect of all Share Options and Share Awards granted to any Eligible Person (excluding any options or awards lapsed in accordance with the 2024 Share Schemes as applicable) under the 2024 Share Schemes and any grants of options or awards made under any Other Scheme(s) of the Company shall not exceed 1% of the issued Shares from time to time, unless such grant is separately approved by the Shareholders in general meeting at which the relevant Eligible Person and his/her close associates (with the meaning ascribed thereto under the GEM Listing Rules) (or his/her Associates if the Eligible Person is a connected person) shall abstain from voting. The Company shall send a circular to the Shareholders, and the circular must disclose the identity of the Eligible Person, the number and terms of the Share Options to be granted to such Eligible Person, and other information required under the GEM Listing Rules. The number and terms of the Share Options to be granted to such Eligible Person must be fixed before Shareholders' approval.

6. GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of Share Options to a Director or chief executive of the Company or any of their respective associates must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is a prospective Grantee).

Where Share Options are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective Associates, and the proposed grant of Share Options would result in the Shares issued and to be issued in respect of all (i) options (regardless whether such options are granted under the 2024 Share Option Scheme or any other share option scheme(s) of the Company); and (ii) awards involving issue of new Shares already granted to such person in the 12-month period up to and including the date of the grant of such Share Options to represent in aggregate over 0.1% of the total number of Shares in issue, the proposed grant of Share Options must be approved by Shareholders in general meeting. In such a case, the Company shall send a circular to the Shareholders containing all those terms as required under the GEM Listing Rules. The Grantee, his/her Associates and all core connected persons of the Company must abstain from voting at such general meeting. In calculating the aforesaid limit of 0.1%, any options and awards lapsed in accordance with the terms of the corresponding scheme shall not be counted.

7. TIME FOR ACCEPTANCE OF OFFER AND EXERCISE OF SHARE OPTIONS

An Offer shall be made to an Eligible Person by letter requiring the Eligible Person to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the 2024 Share Option Scheme and shall remain open for acceptance by the Eligible Person for a period of 28 days from the Offer Date (the “**Offer Period**”). Any Offer may be accepted in respect of less than the number of Shares to which the offered Share Option relates. To the extent that the Offer is not accepted within 28 days in accordance with the terms of the 2024 Share Option Scheme and the offer letter, it will be deemed not to have taken effect and will automatically lapse forthwith on the day following the last day of the Offer Period.

The Grantee may subscribe for Shares during such period as may be determined by the Board (the period shall commence on the date on which the offer relating to such option is duly approved by the Board in accordance with the 2024 Share Option Scheme and expire in any event not later than the last day of the 10-year period after the date of grant of option (subject to early termination as set out in the 2024 Share Option Scheme)) (the “**Option Period**”). Subject to the limitation in relation to the vesting period as set out in paragraph 8 below, the 2024 Share Option Scheme does not provide for any minimum period for which a Share Option must be held before it can be exercised.

8. VESTING SCHEDULE

- (1) Save for the circumstances prescribed in paragraph 8(2), a Share Option must be held by the Grantee for at least 12 months from the date of grant before the Share Option can be exercised.
- (2) Share Options granted to Employee Participants may be subject to a shorter vesting period as determined by (i) the remuneration committee of the Company if such Employee Participant is a Director or a senior manager of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager of the Company, under any of the following circumstances:
 - (a) grants of “make-whole” share options to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;
 - (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control events;
 - (c) grants with performance-based vesting conditions provided in the 2024 Share Option Scheme or as specified in the offer letter in lieu of time-based vesting criteria;
 - (d) grants that are made in batches during a year for administrative or compliance requirements, for example, Share Options that should have been granted earlier but had to wait for a subsequent batch and the vesting period may be shortened to reflect the time from which the Share Options would have been granted;
 - (e) grants with a mixed or accelerated vesting schedule such as where the Share Options may vest evenly over a period of 12 months, or where the Share Options may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the grant date; and
 - (f) grants with a total vesting and holding period of more than 12 months.

9. PERFORMANCE TARGETS

The 2024 Share Option Scheme provides that vesting of Share Options shall be subject to performance targets, if any, to be satisfied by the Grantees as determined by the Board or the Remuneration Committee from time to time. The performance targets may comprise a mixture of attaining satisfactory key performance indicators components (such as the business performance and financial performance of the Group or departmental and individual performance based on the annual performance assessment results) which may vary among the Grantees. For the avoidance of doubt, the performance targets are not applicable to independent non-executive Directors.

10. CLAWBACK

- (i) Upon the occurrence of any of the following events in relation to a Grantee, no further Share Options shall be granted to such Grantee and the Share Options granted to such Grantee shall be clawed back and shall lapse accordingly on the date as determined by the Board (if such Share Options are unvested):
 - (a) the Grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
 - (b) the Grantee has contravened the relevant laws and regulations of any applicable jurisdiction or the provisions of the articles of association of any member of the Group, any Related Entity or any Service Provider;
 - (c) the Grantee has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of any member of the Group, any Related Entity or any Service Provider;
 - (d) the Grantee has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting in serious loss in assets to any member of the Group, any Related Entity or any Service Provider and other serious and adverse consequences;
 - (e) the Grantee has violated the Company's high voltage lines (or similar standards);
or
 - (f) the Grantee has failed to comply with any non-compete covenants or restrictive covenants or any terms and conditions of a similar effect.
- (ii) Where a Share Option granted to any Grantee has been vested but not yet exercised at the time when such Share Option is clawed back, the relevant Share Option shall automatically lapse forthwith and shall no longer be exercisable.
- (iii) Where a Share Option granted to any Grantee has been vested and already exercised at the time when such Share Option is clawed back, the Grantee shall return to the Company, as determined by the Board at its sole and absolute discretion, either (1) the exact number of the relevant underlying Shares in respect of such Share Option, or (2) the monetary amount equivalent to the value of the relevant underlying Shares of the Share Option.

11. RESTRICTIONS AND LIMITATIONS

- (i) A Share Option shall be personal to the Grantee and shall neither be assignable nor transferable, unless a waiver by the Stock Exchange has been granted and Board approval has been obtained.
- (ii) No offer may be made to any Eligible Person:
 - (a) where the Company has information that must be disclosed under Rule 17.10(1) of the GEM Listing Rules or where the Company reasonably believes there is inside information which must be disclosed under part XIVA of the SFO, until (and including) the trading date after such inside information has been published on the websites of the Stock Exchange and the Company;
 - (b) after any inside information in relation to the securities of the Company has occurred or has become the subject of a decision, until such inside information has been published;
 - (c) within the period commencing one month immediately preceding the earlier of (1) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, or other interim period (whether or not required under the GEM Listing Rules); and (2) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement; or
 - (d) in any other circumstances where dealings by Selected Participant (including Directors) are prohibited under the GEM Listing Rules, the SFO or any other applicable laws or regulations or where the requisite approval from any applicable regulatory authorities has not been granted.
- (iii) No Offer may be made or announced for a period of 30 days after any purchase by the Company of Shares, whether on the Stock Exchange or otherwise, unless with the prior approval of the Stock Exchange.

12. RIGHTS ON CEASING EMPLOYMENT

Subject to the provision in sub-paragraph (iv) under the paragraph below headed “21. LAPSE OF SHARE OPTION”, if a Grantee ceases to be an Eligible Person for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in sub-paragraph (iv) under the paragraph below headed “21. LAPSE OF SHARE OPTION”, the Grantee may only exercise the Share Option within a period of 3 months thereafter.

13. REORGANISATION OF CAPITAL STRUCTURE

In the event of (i) any alteration in the capital structure of the Company such as capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, or (ii) any distribution of the Company’s capital assets to the Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to the Shareholders, such corresponding alterations (if any) shall be made to:-

- (i) the number or nominal amount of Shares subject to the Share Option so far as unexercised; or
- (ii) the subscription price,

or any combination thereof. Any such alterations shall be subject to a written confirmation from an independent financial adviser or the Company’s auditors, to have given the Grantees the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled, provided that no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

14. RIGHTS ON A GENERAL OFFER

If a general offer is made to all the Shareholders and such offer is declared unconditional before the expiry date of the Share Option, the Grantee may by notice in writing within 21 days after such offer becoming or being declared unconditional exercise any Option to its full extent, and to the extent that they have not been so exercised, the right to exercise the Share Option shall upon the expiry of such period terminate immediately.

15. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its members or creditors is proposed, the Company shall give notice to the Grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such compromise or arrangement, and thereupon the Grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant Share Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Share Options whether in full or in part, but the exercise of a Share Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Share Options shall lapse except insofar as previously exercised under the 2024 Share Option Scheme. The Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Share Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

16. RIGHTS ON WINDING UP

If a notice is given to a Grantee of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, the Grantee shall be entitled to exercise all or any of his Share Options at any time not later than 2 business days prior to the proposed general meeting of the Company. The Company shall as soon as possible and, in any event no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee, credited as fully paid. The right to exercise the Share Options shall, to the extent that they have not been exercised, terminate immediately on the date of the commencement of the voluntary winding-up of the Company.

17. RIGHTS ON A SCHEME OF ARRANGEMENT

If a general offer by way of a scheme of arrangement is made to all the Shareholders and such scheme has been approved by the necessary number of Shareholders at the requisite meetings prior to the expiry date of the relevant Share Option, the Grantee may thereafter (up to the record date for determining entitlements under such scheme of arrangement) by notice in writing to the Company exercise the Share Option in full or in part. To the extent that the Share Option has not been so exercised, the right to exercise the Share Option shall terminate immediately on the record date for determining entitlements under such scheme of arrangement.

18. RANKING OF SHARES

Shares allotted and issued upon the exercise of a Share Option will rank *pari passu* with the other Shares in issue at the relevant date of exercise of the Share Options except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid if the record date therefor is before the date of exercise of the Share Option. Share Options do not carry any right to vote at general meetings, or any dividend, transfer or other rights (including those arising on the winding-up of the Company).

19. PERIOD OF THE SCHEME

The 2024 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, unless terminated earlier as determined by the Board.

20. ALTERATION AND TERMINATION

Any alterations to the terms and conditions of the 2024 Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters contained in rule 23.03 of the GEM Listing Rules to the advantage of Grantees or prospective Grantees must be approved by Shareholders in general meeting. No such alteration shall operate to affect adversely the terms of issue of any Share Options granted or agreed to be granted prior to such alteration, except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

Any change to the terms of Share Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2024 Share Option Scheme.

The Board may at any time terminate the operation of the 2024 Share Option Scheme and in such event, unless the Board determines otherwise, no further Share Options will be granted but in all other respects the provisions of the 2024 Share Option Scheme shall remain in full force and effect. Share Options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2024 Share Option Scheme.

21. LAPSE OF SHARE OPTION

A Share Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Share Option Period;
- (ii) the expiry of any of the periods referred to in the paragraphs above headed “12. RIGHTS ON CEASING EMPLOYMENT”, “14. RIGHTS ON A GENERAL OFFER” and “16. RIGHTS ON WINDING UP”;
- (iii) subject to the compromise or arrangement (for the purpose of or in connection with reconstruction or amalgamation) becoming effective, the expiry of the period referred to in the paragraph above headed “15. RIGHTS ON A COMPROMISE OR ARRANGEMENT”;
- (iv) the date on which the Grantee ceases to be an Eligible Person due to the following reasons:
 - (a) the Grantee’s service or employment with the Group has been terminated by any member of the Group, any Related Entity or any Service Provider for cause, and “cause” means:
 - (1) dishonesty or serious misconduct, whether or not in connection with his/her employment; willful disobedience or non-compliance with the terms of his/her employment or service contract with any member of the Group, any Related Entity, any Service Provider or any lawful orders or instructions given by any member of the Group, any Related Entity or any Service Provider as the case may be;
 - (2) incompetence or negligence in the performance of his/her duties; or
 - (3) doing anything in the conclusive opinion of the Board adversely affects his/her ability to perform his/her duties properly or brings the Company or the Group, any Related Entity or any Service Provider into disrepute;
 - (b) the Grantee has been summarily dismissed by any member of the Group, any Related Entity or any Service Provider;
 - (c) the Grantee has been convicted for any criminal offence involving his/her integrity or honesty; or
 - (d) the Grantee has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time;

- (v) the Grantee having made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty;
- (vi) the Grantee waiving his/her rights and entitlements to any part of the Share Option;
- (vii) the date of the commencement of the voluntary winding-up of the Company; or
- (viii) the date on which the Grantee commits a breach of the provision of the 2024 Share Option Scheme that a Share Option shall be personal to the Grantee and shall not be assignable and that no Grantee shall sell, transfer, charge, mortgage or encumber or create any interest in favour of a third party over or in relation to any Share Option.

If the Grantee's employment or service is terminated for any reason other than for the reasons provided for under paragraph 21(iv) above ("**Good Leaver**"), any Option invested in respect of such Good Leaver will automatically lapse with effect from the date on which the Good Leaver's employment or service is terminated. The Board may, at its absolute discretion, decide that any portion of the unvested Share Options in respect of such Good Leaver shall continue to vest in accordance with the original vesting schedule of such unvested Share Options during the exercisable period as determined by the Board in its sole discretion.

22. CANCELLATION

In respect of any proposed cancellation of Share Options granted to a Grantee, it must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), if the initial grant of the Share Option was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). For the avoidance of doubt, where the Company cancels Share Options granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made with available Scheme Mandate Limit (Share Option), and that Share Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (Share Option).

23. MISCELLANEOUS

- (i) This scheme shall not form part of any contract of employment between the Company or any Subsidiary and any employee and the rights and obligations of any employee under the terms of his office or employment shall not be affected by his participation in this scheme or any right which he may have to participate in it and this scheme shall afford such an employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (ii) This scheme shall not confer on any person any legal or equitable rights (other than those constituting the Share Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- (iii) The Company shall bear the costs of establishing and administering this scheme, including any costs of the Auditors or the independent financial adviser to the Company in relation to the preparation of any certificate by them or providing any other service in relation to this scheme.
- (iv) A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.
- (v) Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- (vi) Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- (vii) Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
 - (a) one (1) day after the date of posting, if sent by mail; and
 - (b) when delivered, if delivered by hand.

- (viii) By accepting an Offer a Selected Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for loss of any rights under this scheme.
- (ix) The Company shall maintain all necessary books of account and records relating to this scheme.
- (x) A Grantee who is a member of the Board may, subject to and in accordance with the articles of association of the Company, provisions of this scheme and the requirements under the GEM Listing Rules, notwithstanding his interest, vote on any Board resolution concerning this scheme (other than in respect of his own participation therein) and may retain any benefit under this scheme.
- (xi) The Company shall provide a summary of the terms of this scheme to all Eligible Persons on joining the scheme (and a copy of this scheme document to any Eligible Person who requests such a copy). The Company must provide to all Eligible Persons all details relating to changes in the terms of this scheme during the life of this scheme immediately upon such changes taking effect.
- (xii) This scheme shall be governed by and construed in accordance with the laws of Hong Kong.
- (xiii) This scheme shall comply with the GEM Listing Rules as amended from time to time. In the event that there are differences between the terms of this scheme and the GEM Listing Rules, the GEM Listing Rules shall prevail.

Execution Page

IN WITNESS whereof the Company has executed this document as a deed on the [•] day of [•], 2024.

THE COMMON SEAL of)

CHYY DEVELOPMENT GROUP LIMITED)

was hereunto affixed by)

resolution of the board of directors)

in the presence of:)

Name: [•]

Title: Director

Name: [•]

Title: Director