

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 AWARD 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. PURPOSE

The objectives of the 2024 Share Award 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

Subject to the scheme rules of the 2024 Share Award Scheme, the Board may, in its absolute discretion, grant Share Awards 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="564 353 951 555">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="564 597 951 868">(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="564 910 951 1385">(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="979 353 1370 517">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="979 566 1370 868">(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="979 910 1370 1002">(b) the prevailing market fees chargeable by other services providers;</p> <p data-bbox="979 1044 1370 1136">(c) the Group’s period of engagement of or collaboration with the Service Providers;</p> <p data-bbox="979 1178 1370 1342">(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 1385 1370 1685">(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 Awards 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 2020 Share Award Scheme, the Board granted a total of 44 million share options to the following categories of Service Providers:

- (i) Providers of Technical Advisory Services: 40 million; and
- (ii) Providers of management consulting services covering the Group's business operations and management, including cost control and expense management: 4 million.

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

The 2024 Share Award Scheme shall be subject to the administration of the Board and the trustee, and the decision of the Board and the trustee regarding the administration and operation of the 2024 Share Award Scheme shall be final and binding on all parties. Notwithstanding the foregoing, to the extent permitted under the GEM Listing Rules, the Board may delegate the authority to administer the 2024 Share Award Scheme to the Remuneration Committee, a member of the Remuneration Committee or other person(s) as deemed appropriate at the sole discretion of the Board.

4. PURCHASE AND SUBSCRIPTION OF SHARES

The Board may, at its sole and absolute discretion, notify the trustee, from time to time, to purchase existing Shares and to hold the same for future Selected Participants (together with such existing Shares made available to the trust from time to time, the “**Trustee Shares**”). The Board may, at its discretion, cause to be paid the purchase amount into the trust bank account to enable the trustee to purchase Trustee Shares for the purpose of granting Share Awards under the 2024 Share Award Scheme (the “**Purchase Amount**”). The Purchase Amount is the sum of (X) the amount used to purchase the Trustee Shares on the Stock Exchange and (Y) the necessary and related purchase expenses.

The Board may at its discretion at any time after the date of grant, cause to be paid the reference amount for the purchase and/or subscription of the Shares granted in respect of the Share Awards (the “**Reference Amount**”). The Reference Amount is the sum of (X) (a) the closing price of the Shares as quoted on the Stock Exchange as at the date of grant (or any other date as may be determined by the Board) multiplied by the number of the Shares comprised in the Share Award or (b) the par value of one Share multiplied by the number of the Shares comprised in the relevant Share Award granted to such Selected Participant (as the case may be) and (Y) the necessary and related purchase or subscription expenses.

At any time after the date of grant or as instructed by the Company, the trustee will (i) apply the Reference Amount or the Purchase Amount towards the purchase of the Shares granted or Trustee Shares at the prevailing market price, and/or (ii) apply the Reference Amount towards the subscription of the Shares granted at par value of the Shares. The Shares so purchased and/or subscribed for will, subject to the vesting conditions being fulfilled, be transferred to the Selected Participant.

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 and 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 all Share Options and all Share Awards, all share options and all share awards to be granted under the 2024 Schemes and 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, any share options and share awards previously granted under the 2024 Share Schemes and 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 Awards, 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) no Share Award may be granted to any one Eligible Person such that the total number of Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in any 12-month period up to the date of the latest grant exceeds 1% of the issued Shares from time to time, unless such grant is separately approved by the Shareholders in general meeting with such grantee and his/her close associates (with the meaning ascribed thereto under the GEM Listing Rules) (or his/her Associates if the grantee is a connected person) abstaining from voting in accordance with Rule 23.03D(1) of the GEM Listing Rules.

6. GRANT OF SHARE AWARDS TO CONNECTED PERSONS

Any grant of Share Award of new Shares to a Director, chief executive or substantial shareholder of the Company or any of their respective Associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a prospective Selected Participant).

Where Share Awards of new Shares are proposed to be granted to a Selected Participant who is a Director (other than an independent non-executive Director) or chief executive of the Company or any of their respective Associates, and the proposed grant of Share Awards would result in the Shares issued and to be issued in respect of all awards involving issue of new Shares (regardless whether such awards are granted under the 2024 Share Award Scheme or any other share scheme(s) of the Company but excluding any awards lapsed in accordance with the terms of the 2024 Share Award Scheme) already granted to such person in the 12-month period up to and including the date of the grant of such Share Awards to represent in aggregate over 0.1% of the total number of Shares in issue, the proposed grant of Share Awards 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 Selected Participant, his/her Associates and all core connected persons of the Company must abstain from voting in favour of the resolution 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 SHARE AWARDS AND WITHHOLDING

After the Board has selected the Eligible Persons and determined the number of Shares to be granted, it will notify the Selected Participants about the details of the Share Award in writing by way of a grant letter. Upon receipt of the grant letter, the Selected Participants are required to confirm their acceptance of the Share Award by returning to the Company a notice of acceptance duly executed by them within 28 days after the grant date (the “**Acceptance Period**”). If any Selected Participant fails to return the notice of acceptance before the expiration of the Acceptance Period to the Company, the Share Award will be deemed not to have taken effect and automatically lapses forthwith on the day following the last day of the Acceptance Period.

The Company or any of its subsidiaries may be entitled to withhold, and any Selected Participant may be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the grant of the Share Award and any excluded expenses.

8. CONDITIONS OF SHARE AWARDS

The Board is entitled to impose any conditions (including without limitation, a period of continued service within the Group after the date of grant), as it deems appropriate with respect to the entitlement of the Selected Participant to the Share Award and the Board will inform such Selected Participant by way of a grant letter which sets out, among other things, the number of the Shares to be granted, the terms, conditions (e.g. performance conditions) (if any), restrictions (if any) and vesting schedule of such Share Award. The Board may, at its absolute discretion, include in the grant letter to the Employee Participants an option, upon vesting, to choose either to receive the Share Award in the form of new Shares or cash. In the event that the Employee Participant chooses to receive the Share Award in the form of cash, the Board may, at its absolute discretion, decide whether the cash is to be funded by disposal of existing Shares or Shares newly issued by the Company for the purpose of satisfying the Share Award.

A Share Award includes all cash income from dividends in respect of those Shares from the date the Share Award is granted to the date the Share Award vests. For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares would be paid to the Selected Participant even though the Award Shares have not yet vested.

9. VESTING SCHEDULE

- (1) Save for the circumstances prescribed in paragraph 9(2), the vesting period of a Share Award for new Shares held by the Employee Participant must be at least 12 months.
- (2) Share Awards 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.

10. PERFORMANCE TARGETS

The 2024 Share Award Scheme provides that vesting of Share Awards for new Shares shall be subject to performance targets, if any, to be satisfied by the Selected Participants as determined by the Board 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 Selected Participants. For the avoidance of doubt, the performance targets are not applicable to independent non-executive Directors.

11. CLAWBACK

- (i) Upon the occurrence of any of the following events in relation to a Selected Participant, no further Share Awards shall be granted to such Selected Participants and the Share Awards granted to such Selected Participants shall be clawed back and shall lapse accordingly on the date as determined by the Board (if such Share Awards are unvested):
 - (a) the Selected Participant has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
 - (b) the Selected Participant 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 Selected Participant 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 Selected Participant 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 Selected Participant has violated the Company's high voltage lines (or similar standards); or
 - (f) the Selected Participant has failed to comply with any non-compete covenants or restrictive covenants or any terms and conditions of a similar effect.
- (ii) Where an Share Award granted to a Selected Participant has been vested at the time when such Share Award is clawed back, the Selected Participant shall return, by the Board's determination at its sole and absolute discretion, either (i) the exact number of vested and clawed back Share(s), (ii) the monetary amount equivalent to the value of the relevant Share(s) on the date of grant, (iii) the monetary amount equivalent to the value of the relevant Share(s) on the date of vesting or (iv) the monetary amount equivalent to the value of the relevant Share(s) on the date of such clawback.
 - (iii) Where an Share Award granted to a Selected Participant is unvested at the time when such Share Award is clawed back, such Share Award shall lapse on the date as determined by the Board.

12. RESTRICTIONS AND LIMITATIONS

- (i) A Share Award shall be personal to the Selected Participant 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 Share Award may be granted to any Selected Participant, no Shares may be issued or allotted under the 2024 Share Award Scheme and no instructions to acquire any Shares may be given to the trustee where dealings in the Shares are prohibited under the GEM Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
 - (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
 - (i) 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
 - (ii) 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 Share Award of new Shares may be made or announced, and no issue or allotment of Shares pursuant to the 2024 Share Award Scheme may be made 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.

13. VESTING CONDITION

The vesting of the Share Awards is subject to the Selected Participant remaining at all times after the date of grant and on the date of vesting as an Eligible Person.

A Selected Participant ceases to be an Eligible Person if:

- (i) the Selected Participant'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:
 - (a) 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;
 - (b) incompetence or negligence in the performance of his/her duties; or
 - (c) 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;
- (ii) the Selected Participant has been summarily dismissed by any member of the Group, any Related Entity or any Service Provider;
- (iii) the Selected Participant has been convicted for any criminal offence involving his/her integrity or honesty; or
- (iv) the Selected Participant 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.

If the Selected Participant's employment or service is terminated for any reason other than for the reasons provided above ("**Good Leaver**"), any unvested Share Award 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 Awards shall continue to vest in accordance with the original vesting schedule.

14. PURCHASE PRICE OF SHARE AWARD

The purchase price of the Award Shares (if any) shall be such price as determined by the Board, the committee of the Board, or person(s) to which the Board has delegated its authority from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Share Award and the characteristics and profile of the Selected Participants.

Acceptance price of Award Shares may be payable on the acceptance of such Share Award.

15. RIGHTS UPON CHANGE IN CONTROL

If an event of change in control of the Company occurs, whether by way of offer, merger, scheme of arrangement or otherwise is made to all Shareholders, unless the Board determines otherwise, all the Shares granted immediately vest on the date when such change of control event becomes or is declared unconditional. For the purpose of this provision, “change in control” means any person becoming the direct or indirect beneficial owner of more than 51% of the total voting rights in the entire Shares issued by the Company at any time.

16. LAPSE OF SHARE AWARD

In the event that prior to or on the date of vesting in respect of a Selected Participant, (i) the relevant Selected Participant ceases to be an Eligible Person, or (ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, the Share Award will automatically lapse, and the Shares to satisfy such Share Award will not be counted for the purpose of the Scheme Mandate Limit (Share Award).

17. REORGANISATION OF CAPITAL STRUCTURE AND DISTRIBUTION OF COMPANY’S ASSETS

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, the Board shall determine and make alterations (if any) to the number of Shares to be granted subject to the Share Award so far as unvested. Any such alterations shall be subject to a written confirmation from an independent financial adviser or the Company’s auditors, to have given the Selected Participants the same proportion (or rights in respect of the same proportion) of the equity capital value 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.

18. ALTERATION AND TERMINATION

Any alterations to the terms and conditions of the 2024 Share Award 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 Awards 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 Awards 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 Awards 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 Award Scheme.

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

19. RANKING OF SHARES

Shares issued upon vesting of a Share Award will rank *pari passu* with the other Shares in issue on the date the relevant Shares are transferred to the Selected Participant 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 vesting of the Share Award.

20. PERIOD OF THE SCHEME

The 2024 Share Award 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.

21. CANCELLATION

A Share Award that has not been vested may be cancelled by the Board with the consent of the relevant Selected Participant. For the avoidance of doubt, where the Company cancels Share Awards granted to a Selected Participant and makes a new grant to the same Selected Participant, such new grant may only be made with available Scheme Mandate Limit, and that Share Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

22. 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) 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.
- (iii) 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.
- (iv) 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.
- (v) Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- (vi) 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.
- (vii) 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.

- (viii) The Company shall maintain all necessary books of account and records relating to this scheme.
- (ix) 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.
- (x) 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.
- (xi) This scheme shall be governed by and construed in accordance with the laws of Hong Kong.
- (xii) 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