



BEA 東亞銀行

The Bank of East Asia, Limited

東亞銀行有限公司

(Incorporated in Hong Kong with limited liability in 1918)

**Rules of the
STAFF SHARE OPTION SCHEME 2026**

Adopted on [8] May 2026

**(as approved by the Shareholders
on [8] May 2026)**

TABLE OF CONTENTS

Clause	Heading	Page
1.	DEFINITIONS AND INTERPRETATION	1
2.	PURPOSE OF THIS SCHEME	4
3.	CONDITIONS OF THIS SCHEME	4
4.	DURATION AND ADMINISTRATION	4
5.	ELIGIBILITY CRITERIA	5
6.	GRANT OF OPTIONS	5
7.	EXERCISE PRICE	7
8.	VESTING OF OPTIONS	7
9.	EXERCISE OF OPTIONS	8
10.	LAPSE OF OPTION	13
11.	MAXIMUM NUMBER OF SHARES	14
12.	REORGANISATION OF CAPITAL STRUCTURE	15
13.	DISPUTES	16
14.	ALTERATION OF THIS SCHEME	16
15.	TERMINATION	17
16.	CANCELLATION	17
17.	MISCELLANEOUS	17

Rules of the STAFF SHARE OPTION SCHEME 2026

1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme, unless the context otherwise requires, the following words and expressions have the following meanings:

“Adoption Date”	[8 May] 2026, being the date on which this Scheme is conditionally adopted by resolution of the Shareholders in the annual general meeting or any adjournment thereof;
“Allotment Date”	the date on which new Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised under this Scheme;
“Articles of Association”	the articles of association of the Bank (as amended, supplemented or otherwise modified from time to time);
“Associate(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Auditor”	the auditor of the Bank for the time being;
“Bank”	The Bank of East Asia, Limited, a limited liability company incorporated in Hong Kong;
“Board”	the board of Directors or a duly authorised committee thereof;
“Business Day”	shall have the meaning ascribed to it under the Listing Rules;
“Chief Executive”	shall have the meaning ascribed to it under the Listing Rules;
“Close Associate(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Connected Person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Core Connected Person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Date of Grant”	the date on which an Option Letter is issued upon acceptance of an Offer provided that the Option Letter shall be issued within 7 days after the end of the acceptance period stipulated in the provisions of this Scheme;

“Director(s)”	includes any person who occupies the position of a director, by whatever name called, of the Bank or otherwise as the context may require;
“Eligible Person”	any Employee (including executive Directors and the Chief Executive(s)), as the Directors may determine, in the service of the Bank or a Subsidiary
“Employee”	any full-time or part-time employee of the Bank or its Subsidiaries;
“Exercise Period”	in respect of any particular Option or any part thereof, save as provided in clause 9.3, the period beginning on the Vesting Date and ending on the fifth anniversary of the Vesting Date, during which the Option may be exercised;
“Exercise Price”	the price per share at which a Grantee may subscribe for new Shares upon the exercise of an Option pursuant to the terms and conditions of this Scheme;
“Grantee”	any Eligible Person who accepts an Offer or (where the context permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Person (being an individual);
“Group”	the Bank and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);
“Offer”	an offer by the Bank to an Eligible Person to accept an Option in accordance with this Scheme;
“Option(s)”	a right to subscribe for new Shares granted pursuant to this Scheme;
“Option Letter”	a notification in such form as the Board may from time to time determine issued by the Bank to the Grantee in respect of the Option granted
“Scheme”	this Staff Share Option Scheme 2026 in its present or any amended form;
“Share(s)”	fully paid ordinary share(s) of the Bank;
“Share Scheme”	shall have the meaning ascribed to it under the Listing Rules;
“Shareholder(s)”	the holder(s) of Shares;

“Stock Exchange”	The Stock of Exchange of Hong Kong Limited;
“Subsidiary” or “Subsidiaries”	a company which is a subsidiary (within the meaning of the Companies Ordinance) of the Bank, whether incorporated in Hong Kong or elsewhere, and “Subsidiaries” are construed accordingly;
“Substantial Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs;
“Treasury Share(s)”	Share(s) repurchased and held by the Bank in treasury in accordance with the Companies Ordinance and the Articles of Association;
“Unvested Option”	an Option or part thereof which has not been vested and has not yet become exercisable pursuant to the terms on which the Option is granted;
“Vesting Date”	in respect of any particular Option or any part thereof, the date on which such Option is vested and becomes exercisable in accordance with clauses 8 and 9.3 and the terms and conditions on which the Option is granted, and the terms “vest”, “vested” and “vesting” shall be construed accordingly;
“Vested Option”	an Option or part thereof which has been vested and has become exercisable pursuant to the terms on which the Option is granted; and
“Vesting Period”	in respect of any particular Option or any part thereof, the period between the Date of Grant and the Vesting Date as set out in clause 8.

1.2 In this Scheme, unless where the context otherwise requires:

- (a) clause headings are inserted for convenience of reference only and do not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (b) references to clauses are to clauses of this Scheme;
- (c) words importing the singular include the plural and vice versa, expressions in any gender include other genders and references to persons include body corporates, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind; and
- (d) references, express or implied, to any statute or statutory provision or the Listing Rules are construed as references to such statute, statutory provision or rules as respectively amended, consolidated or re-enacted, or as its operation as modified from time to time by any other statute or statutory provision or rule (whether with or without modification and whether before or after the date hereof), and include any subsidiary legislation enacted under the relevant statute,

provision or rule.

- 1.3 In this Scheme, references to new Shares include Treasury Shares, and references to the allotment and issue of Shares include the transfer of Treasury Shares.

2. PURPOSE OF THIS SCHEME

This Scheme is a share incentive scheme and is established to:

- (a) recognise and acknowledge the contributions that Eligible Persons have made or may make to the Group;
- (b) encourage and retain such individuals for the continual operation and development of the Group;
- (c) provide additional incentives for them to achieve performance goals;
- (d) attract suitable personnel for further development of the Group; and
- (e) achieve value creation for the Group by aligning the interests of the Grantees directly to the Shareholders through ownership of a personal stake in the Bank, with a view to motivating Eligible Persons to optimise their performance and efficiency for the benefit of the Group.

3. CONDITIONS OF THIS SCHEME

- 3.1 This Scheme shall take effect subject to the passing of the necessary resolution to adopt this Scheme by the Shareholders in the 2026 Annual General Meeting of the Bank held on [8] May 2026 and is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in any new Shares to be issued and allotted by the Bank pursuant to the exercise of Options to be granted hereunder in accordance with the terms and conditions of this Scheme.

- 3.2 References in clause 3.1 to the Stock Exchange granting the approval referred to therein shall include where such approval is granted subject to conditions.

4. DURATION AND ADMINISTRATION

- 4.1 Subject to clauses 3 and 15, this Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which no further Options will be granted but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

- 4.2 This Scheme shall be subject to the administration of the Board in accordance with the terms of this Scheme. The decision of the Board (save as otherwise provided herein) shall be final and binding on all parties. Without prejudice to the generality of the foregoing, the Board shall have the absolute discretion to administer this Scheme, including the power to:

- (a) interpret and construe the provisions of this Scheme;

- (b) subject to clauses 5, 6, 7 and 10, determine the persons who will be awarded Options under this Scheme, the number of Shares subject to such Options and the Exercise Price awarded thereto;
- (c) determine the relevant terms and conditions for the grant and/or vesting of each Option;
- (d) subject to clauses 12 and 14, make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary;
- (e) subject to clause 14, adopt rules and regulations for carrying out this Scheme;
- (f) prescribe the form or forms of instruments to be issued as evidence of any Options granted under this Scheme; and
- (g) make such other decisions or determinations as it shall deem appropriate in the administration and operation of this Scheme, provided that they are not inconsistent with the provisions of this Scheme.

5. ELIGIBILITY CRITERIA

The Board may at its discretion grant Options to any Eligible Person.

6. GRANT OF OPTIONS

- 6.1 On and subject to the terms of this Scheme, the Board shall be entitled at any time on a Business Day within 10 years commencing on the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select in accordance with clause 5.
- 6.2 In determining the number of Options to be granted to an Eligible Person, the Board may take into consideration matters including, but without limitation to:
 - (i) the value of the Options from time to time;
 - (ii) the past, present and expected contribution of the relevant Grantee to the profits of the Group;
 - (iii) the performance of the relevant Grantee;
 - (iv) the general financial condition of the Group;
 - (v) the Group's overall business objectives and future development plan; and
 - (vi) any other matter which the Board considers relevant.
- 6.3 No fee shall be payable upon acceptance of an Offer. An Offer of the grant of an Option shall be considered as being accepted by the Grantee when the Bank receives the acceptance form duly executed by the Grantee no later than 14 days after the date of the offer letter issued by the Bank (the "**Offer**")

Letter”). Upon acceptance of an Offer, the Bank shall on the Date of Grant issue an Option Letter to the Grantee.

- 6.4 Subject to the provisions of this Scheme, the Listing Rules and other applicable rules and regulations and having regard to applicable guidelines and standards, the Board may, on a case-by-case basis and at its discretion when offering the grant of an Option, impose any criteria, conditions, restrictions or limitations in relation thereto additional to those expressly set forth in this Scheme as it may think fit (but which shall be stated in the letter containing the Offer of the grant of the Option), failing which the Option (to the extent that it has not already been vested or exercised, as the case may be) shall lapse unless otherwise resolved to the contrary by the Board.
- 6.5 Without prejudice to the generality of the foregoing, vesting of an Option shall be subject to the fulfilment of performance-related conditions. Such conditions, as determined by the Board at its discretion, may include but not limited to those related to (i) the achievement of performance measurement (e.g. financial and non-financial performance thresholds and risk adjustment qualifiers) as may be adopted by the Bank from time to time, (ii) the negative impact of business decisions or actions made in prior periods on the overall profitability of the Group in the subsequent year(s), and/or (iii) misstatement of performance measurement data or commitment of fraud, malfeasance or violations of internal control policies.
- 6.6 Without prejudice to the generality of the foregoing and subject to the Listing Rules and clause 7, the Board may grant Options in respect of which the Exercise Price is fixed at different prices for different periods during the Exercise Period.
- 6.7 The Bank shall not offer the grant of an Option to any Eligible Person (i) after inside information (as defined in the Listing Rules) has come to its knowledge, until (and including) the Business Day after such inside information has been announced pursuant to the relevant requirements of applicable laws and the Listing Rules; or (ii) within 30 days immediately preceding the earlier of the date of the Board meeting (or such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Bank’s results and the deadline for the Bank to publish its results announcement under the Listing Rules, until the date of the results announcements.
- 6.8 Without prejudice to clauses 6.1 to 6.7 above, any grant of Options to an executive Director, Chief Executive or Substantial Shareholder of the Bank or any of their respective Associates must be approved by the independent non-executive Directors. Where any proposed grant of Options to a Substantial Shareholder of the Bank, or any of their respective Associates, will result in the total number of new 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 Share Schemes under which they were granted) under this Scheme and any other Share Schemes of the Group in the 12-month period up to and including the date of such grant in aggregate exceeding 0.1% of the Shares in issue (excluding Treasury Shares), such proposed grant shall be subject to the approval by the Shareholders in general meeting in the manner set out in the Listing Rules. The Grantee, his or her Associates and all Core Connected Persons of the Bank must abstain from voting in favour of the proposed grant

at such general meeting. A circular must be sent to the Shareholders containing such information from time to time required by the Stock Exchange.

- 6.9 For the avoidance of doubt, the requirements for the granting of Options to an executive Director or Chief Executive of the Bank do not apply where the Eligible Person is only a proposed executive Director or Chief Executive of the Bank.

7. EXERCISE PRICE

- 7.1 The Exercise Price shall be a price determined by the Board and notified to each Grantee (in the Option Letter) and shall be at least the higher of:
- (a) the closing price of a Share as stated in the Stock Exchange's daily quotation sheet on the Date of Grant of the relevant Option, which must be a Business Day; and
 - (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the Date of Grant of the relevant Option.
- 7.2 The Exercise Price shall also be subject to any adjustments made in a situation contemplated under clause 12.

8. VESTING OF OPTIONS

8.1 Vesting Schedule

Save as provided in clause 9.3, the vesting period of an Option shall not be less than 12 months. Unless otherwise determined by the Board and set out in the respective Option Letters, an Option granted hereunder shall be vested and become exercisable as follows:

- (a) not more than one third of the Option shall be vested and become exercisable on the first anniversary of the Date of Grant;
- (b) not more than one third of the Option shall be vested and become exercisable on the second anniversary of the Date of Grant; and
- (c) the remaining balance of the Option shall be vested and become exercisable on the third anniversary of the Date of Grant.

8.2 Clawback and Malus

- (a) In circumstances where it is later established by the Board's determination at its sole and absolute discretion that (i) any performance measurement was based on data which is later proven to have been manifestly misstated, (ii) the Grantee has committed fraud, malfeasance or violations of internal control policies of the Group, or (iii) decisions or actions made by the Grantee and/or the Grantee's business unit in a given year had a severe negative impact on the overall profitability of the Group in the subsequent year(s):

- (i) for Options that have not been vested, the Board shall have the right to exercise its discretion to reduce or cancel such Options as determined by the Board;
 - (ii) for Options that have been vested but not yet exercised, such Options shall be reduced or cancelled in entirety accordingly on a date as determined by the Board; and
 - (iii) for Options that have been vested and exercised, the Board shall have the right to exercise its discretion to claw back all or part of any gain or income derived from the Options in accordance with clause 8.2(b).
- (b) Where the Options (or any part thereof) granted to a Grantee have already been exercised at the time when such Options are clawed back pursuant to clause 8.2(a)(iii) above, the Grantee shall return, by the Board's determination at its sole and absolute discretion, (i) the monetary amount equivalent to the difference between the Exercise Price paid by the Grantee on the relevant Shares and the market value of such Shares (calculated according to the closing price per Share as stated in the Stock Exchange's daily quotation sheet) on the day of exercise of such Options; and/or (ii) the monetary amount equivalent to the subsequent realised or unrealised gain or income derived from the relevant Shares up to the date of such clawback; and/or (iii) any other gain or income derived from the such Options or Shares in such other form or method and to such party as determined by the Board.

9. EXERCISE OF OPTIONS

- 9.1 An Option shall be personal to the Grantee to whom it is made and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option granted to the Grantee under this Scheme, failing which the Option (to the extent it has not already been vested or exercised) shall lapse.
- 9.2 Subject to the relevant Exercise Period and the other terms and conditions of the grant, an Option shall be exercised in whole or in part by the Grantee (but only in respect of such multiples of Shares as may be determined by the Bank and specified in the Option Letter) by giving notice in writing to the Bank's Company Secretary (or such other person as designated by the Bank) stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised, and such notice must be accompanied by a cheque (subject to clearing), or cashier order or bank draft or remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Each such notice together with the relevant payment must be given on a Business Day (excluding any period(s) of closure of the Bank's register of Shareholders) no later than 12:00 noon (Hong Kong time) of such date. Any notice given without such relevant payment shall be invalid. Upon receipt of such notice together with the relevant payment in full by the Bank (unless received during any period(s) of closure of the Bank's register of Shareholders) and, where appropriate, receipt of the Auditor's certificate or the independent financial adviser's certificate pursuant to clause 12, the Bank shall allot the relevant number of Shares to the Grantee credited as

fully paid and shall within two Business Days of such date issue to the Grantee share certificate(s) or in scripless or uncertificated form to the extent permitted by and in accordance with the Listing Rules and other applicable rules and regulations in respect of the Shares so allotted and register the Grantee as the holder thereof. The Bank may, at its sole discretion, opt to transfer Treasury Shares to the Grantee to satisfy the Shares otherwise required to be allotted upon the exercise of the Options as soon as practicable.

9.3 Subject as hereinafter provided, an Option or any part thereof may be exercised by the Grantee at any time during the applicable Exercise Period, provided that:

(a) in the event of death of the Grantee:

(i) his legal personal representative(s) may exercise the Vested Options which the Grantee is entitled to as at the date of death of the Grantee in whole or in part (to the extent not exercised) within the relevant Exercise Period; and

(ii) any Unvested Options of the Grantee shall become Vested Options as at the date of death of the Grantee, and his legal personal representative(s) may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the fifth anniversary of the Vesting Date,

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

(b) where the Grantee's employment is terminated on the ground of disability due to physical injury or ill-health:

(i) the Grantee may exercise the Vested Options which he is entitled to as at the date of cessation as an Employee in whole or in part (to the extent not exercised) within the relevant Exercise Period; and

(ii) any Unvested Options of the Grantee shall become Vested Options as at the date of cessation as an Employee, and the Grantee may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the fifth anniversary of the Vesting Date,

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

(c) if the Grantee ceases to be an Employee by reason of retirement:

(i) the Grantee may exercise the Vested Options which he is entitled to as at the date of retirement in whole or in part (to the extent not exercised) within the relevant Exercise Period; and

(ii) any Unvested Options of the Grantee as at the date of retirement shall continue to vest in accordance with the terms

on which they are granted (unless the Board shall determine that the vesting of such Unvested Options or any part thereof shall be accelerated in the relevant circumstances such as on compassionate grounds for ill-health), and the Grantee may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the fifth anniversary of the Vesting Date,

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period. The determination of whether the Grantee ceases to be an Employee by reason of retirement shall be determined by the Bank in its absolute discretion;

(d) if the Grantee ceases to be an Employee by reason of termination of his employment by the Bank or the Subsidiary (as the case may be) employing him upon any of the following grounds, then all his Options (whether vested or not, and to the extent not exercised) shall lapse and terminate on the date of such cessation:

- (i) wilfully disobeying a lawful and reasonable order;
- (ii) misconducting himself, such conduct being inconsistent with the due and faithful discharge of his duties;
- (iii) being guilty of fraud or dishonesty;
- (iv) being habitually neglectful in his duties; or
- (v) upon any other grounds on which the Bank or the Subsidiary (as the case may be) employing him would be entitled to terminate the contract of employment without notice at common law;

(e) if the Grantee ceases to be an Employee by resignation:

- (i) the Grantee may exercise the Vested Options which he is entitled to as at the date of cessation as an Employee in whole or in part (to the extent not exercised) within the relevant Exercise Period or the period beginning on the date of cessation and ending on the first anniversary of such date (whichever expires earlier); and
- (ii) any Unvested Options of the Grantee shall lapse on the date of cessation as an Employee, unless the Board shall determine that, in the relevant circumstances, such Unvested Options or any part thereof shall continue to vest in accordance with the terms on which they are granted, in which event the Grantee may exercise such Options in whole or in part within the period beginning on the relevant Vesting Date and ending on the first anniversary of the Vesting Date;

and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

- (f) if any of the following events occurs, all of the Vested Options (to the extent not exercised) and Unvested Options of the Grantee shall lapse immediately:
- (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee;
 - (ii) there is unsatisfied judgment, order or award outstanding against the Grantee or the Bank has reason to believe that the Grantee is unable to pay or has no reasonable prospect of being able to pay his debts;
 - (iii) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-clauses (i) and (ii) above;
 - (iv) a bankruptcy order has been made against the Grantee in any jurisdiction; or
 - (v) a petition for bankruptcy has been presented against the Grantee in any jurisdiction;
- (g) if the Grantee ceases to be an Employee for any reason other than as described in sub-clauses (a), (b), (c), (d), (e) and (f) above, then:
- (i) any Vested Options which the Grantee is entitled to as at the date he so ceases may be exercised to the extent then exercisable within the relevant Exercise Period or the period beginning on the date of cessation and ending on the first anniversary of the date of cessation (whichever expires earlier); and
 - (ii) any Unvested Options shall continue to vest in accordance with the terms on which they are granted (unless the Board shall determine that the vesting of such Unvested Options or any part thereof shall be accelerated in the relevant circumstances such as on compassionate grounds for ill-health) and the Grantee may exercise such Options in whole or in part within the period beginning on such Vesting Date and ending on the first anniversary of the Vesting Date;
- and any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period, and provided that in any such case the Board may in its absolute discretion determine that any Vested Options (to the extent not exercised) or Unvested Options shall be cancelled or otherwise subject to such conditions or limitations as the Board may decide;
- (h) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the

offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code), the Grantee shall be entitled to exercise (i) the Vested Option which the Grantee is entitled to as at the date on which the general offer becomes or is declared unconditional (within the meaning of the Takeovers Code) (the “**Unconditional Date**”) (to the extent not exercised), and (ii) any Unvested Options which shall become Vested Options as at the Unconditional Date, in whole or in part at any time within the period beginning on the Unconditional Date and ending on the date which is 30 days after the Unconditional Date. Any of his Options not exercised shall lapse on the date immediately after the expiry of the relevant period;

- (i) in the event notice is given by the Bank to its Shareholders to convene a Shareholders’ meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Bank, the Bank shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to the Bank accompanied by the payment for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice and payment to be received by the Bank not later than two Business Days (excluding any period(s) of closure of the Bank’s register of Shareholders) prior to the proposed meeting) to exercise the Vested Option which the Grantee is entitled to as at the date of the notice to the Grantee (to the extent not exercised) and any Unvested Options which shall become Vested Options as at such date in whole or in part. The right of the Grantees to exercise their respective Options shall be suspended immediately thereafter and shall be restored in full on the date immediately after the date of the relevant Shareholders’ meeting if such resolution is not approved. The Bank shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Bank’s register of Shareholders) immediately prior to the date of the proposed Shareholders’ meeting, allot and issue such number of new Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof. Any of the Options not exercised shall lapse on the date on which such resolution is approved by the Shareholders; and
- (j) in the event of a compromise or arrangement between the Bank and its Shareholders or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Bank (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Bank shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its Shareholders or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to the Bank accompanied by the payment for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice and payment to be received by the Bank not later than two Business Days (excluding any period(s) of closure of the Bank’s register of Shareholders) prior to the proposed meeting) to exercise the Vested Option which the Grantee is entitled to as at the date of the notice to the Grantee (to the extent not exercised) and any Unvested Options which shall become Vested Options as at such date in whole or in part. The right of the Grantees to exercise their respective Options shall be suspended immediately

thereafter and shall be restored in full on the date immediately after the date of the relevant meeting if such resolution is not approved. The Bank shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Bank's register of Shareholders) immediately prior to the date of the proposed meeting, allot and issue such number of new Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof. Any of his Options not exercised shall lapse on the date on which the proposed compromise or arrangement becomes effective.

- 9.4 The new Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to other fully paid Shares in issue on the Allotment Date, and, accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. A new Share allotted upon the exercise of an Option shall not carry voting, dividend, transfer and other rights until the name of the Grantee has been duly entered into the register of Shareholders as the holder thereof.
- 9.5 Without prejudice to the generality of the foregoing, the Grantee may only exercise an Option subject to any restrictions as may be reasonably imposed by the Board from time to time with a view to ensure or facilitate compliance with any relevant law, mandatory rules and/or regulations binding the Bank, particularly those relating to insider dealing and other prohibitions under the Listing Rules.

10. LAPSE OF OPTION

An Option (to the extent such Option has not already been vested or exercised, as the case may be) shall lapse and not be exercisable on the earliest of:

- (a) the date immediately after the expiry of the Exercise Period;
- (b) the date immediately after the expiry of any of the periods referred to in clauses 9.3(a), (b), (c), (d), (e) and (f);
- (c) the date on which a situation as contemplated under clause 9.3(g) arises;
- (d) in respect of the situation contemplated in clause 9.3(h), the date immediately after the expiry of the period referred to therein;
- (e) the date of the commencement of the winding-up of the Bank in respect of the situation contemplated in clause 9.3(i);
- (f) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in clause 9.3(j);
- (g) the date on which a situation as contemplated under clause 9.1 arises;

- (h) the date on which the Grantee commits a breach of any terms or conditions attached to the grant or vesting of the Option, unless otherwise resolved to the contrary by the Board; or
- (i) the date on which it is established that any data previously taken into account in assessing the performance of the Grantee and in granting the Option is later proven to have been manifestly misstated, or that there has been fraud or other malfeasance on the part of the Grantee or violation by the Grantee of internal control policies of the Bank.

11. MAXIMUM NUMBER OF SHARES

- 11.1 Subject to clauses 11.2 and 11.3, the total number of new Shares which may be issued in respect of all options and awards to be granted under this Scheme and any other Share Schemes of the Group shall not, in aggregate, exceed 5% of the Shares in issue (excluding Treasury Shares) as at the date of approval of this Scheme (the “**Scheme Mandate Limit**”) unless such issue or grant is approved by the Shareholders pursuant to clause 11.3. Options or awards lapsed in accordance with the terms of the Share Schemes under which they were granted shall not be regarded as being utilised for the purpose of calculating the Scheme Mandate Limit.
- 11.2 Subject to clause 11.3 and the requirements of the Listing Rules, the Scheme Mandate Limit may be refreshed by the Shareholders in general meeting provided always that the Scheme Mandate Limit so refreshed must not exceed 5% of the Shares in issue (excluding Treasury Shares) as at the date of approval of such refreshment by Shareholders in general meeting. A circular must be sent to the Shareholders containing such information from time to time required by the Stock Exchange. If Shareholders’ approval is sought for any refreshment within 3 years from the date of Shareholders’ approval for the last refreshment (or the adoption of this Scheme), any Controlling Shareholders of the Bank and their Associates (or if there is no Controlling Shareholder, Directors (excluding independent non-executive Directors) and the Chief Executive(s) and their respective Associates) must abstain from voting in favour of the relevant resolution at the general meeting.
- 11.3 Subject to the requirements of the Listing Rules, the Board may seek separate Shareholders’ approval in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person(s) specifically identified by the Bank before such approval is sought and a circular must be sent to the Shareholders containing such information from time to time required by the Stock Exchange.
- 11.4 Subject to the requirements of the Listing Rules, where any proposed grant of Options to an Eligible Person will result in the total number of new 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 Share Schemes under which they were granted) under this Scheme and any other Share Schemes of the Group in the 12-month period up to and including the date of such grant in aggregate exceeding 1% of the Shares in issue (excluding Treasury Shares), such proposed grant shall be subject to the approval by the Shareholders in general meeting with such Eligible Person and his/her Close Associates (or Associates if the Eligible

Person is a Connected Person of the Bank) abstaining from voting. A circular must be sent to the Shareholders containing such information from time to time required by the Stock Exchange.

- 11.5 The maximum number of Shares referred to in clause 11 shall be adjusted, in such manner as the Auditor or the independent financial adviser of the Bank shall certify as fair and reasonable in accordance with clause 12.

12. REORGANISATION OF CAPITAL STRUCTURE

- 12.1 In the event of any alteration in the capital structure of the Bank while an Option remains exercisable, and such event arises from a capitalisation issue (other than any scrip dividend or similar arrangement in accordance with the Articles of Association), rights issue, sub-division or consolidation of Shares or reduction of capital of the Bank, such corresponding alterations (if any) shall be made in:
- (a) the number of new Shares subject to the Option so far as unexercised; and/or
 - (b) the Exercise Price.
- 12.2 In the event of any alteration in the capital structure of the Bank while an Option remains exercisable, and such event arises from a consolidation or subdivision, such corresponding alterations (if any) shall be made to the maximum number of Shares referred to in clause 11.
- 12.3 The Auditor or the independent financial adviser of the Bank shall certify in writing to the Board the alterations, and according to their opinion based on fairness and reasonableness either generally or as regards any particular Grantee (except in the case of a capitalisation issue where no such certification shall be required unless otherwise expressly required by the Board) and satisfy the requirement that such alterations give the Grantee the same proportion of the equity capital as that to which the Grantee was previously entitled, provided that:
- (a) any such alterations shall be made on the basis that the relevant total Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
 - (b) no such alterations shall be made the effect of which would be to increase the proportion of the Shares in issue (excluding Treasury Shares) for which any Grantee is entitled to subscribe pursuant to the Options held by him.
- 12.4 For the avoidance of doubt, the issue of securities as consideration in a transaction to which the Bank is a party or the reduction in the number of the Bank's total issued Shares as a result of share buy-back conducted on the Stock Exchange shall not be regarded as a circumstance requiring any such alterations.
- 12.5 The costs of the Auditor or the independent financial adviser of the Bank relating to this Scheme shall be borne by the Bank.

- 12.6 In giving any certificate under this clause 12, the Auditor or the independent financial adviser of the Bank shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Bank and all persons who may be affected thereby.

13. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option (where applicable), whether all or part of an Option has been vested, the amount of the Exercise Price or otherwise) shall be referred to the decision of the Auditor or the independent financial adviser of the Bank who shall act as experts and not as arbitrators and whose decision shall be final and binding on the Grantee.

14. ALTERATION OF THIS SCHEME

- 14.1 This Scheme may be altered in any respect by resolution of the Board except for the following matters which shall require Shareholders' approval in general meeting:

- (a) any alternations to the provisions of this Scheme as to the definitions of "Eligible Person", "Grantee", "Exercise Period" and "Vesting Period" and the provisions of clauses 2, 4.1, 5, 6.3, 6.4, 6.5, 7, 8, 9.1, 9.3, 9.4, 10, 11, 12, 14, 15 and 16 or any other terms and conditions of this Scheme which are of a material nature or any other provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or prospective Grantees; and
- (b) any change to the authority of the Board to alter the terms of this Scheme,

provided always that the amended terms of this Scheme or the Options must continue to comply with the relevant requirements of the Listing Rules as may be amended from time to time.

- 14.2 Any change to the terms of Options granted to an Eligible Person must be approved by the Board, the Remuneration Committee of the Board, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee of the Board, 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 this Scheme.

- 14.3 Subject to clauses 14.1 and 14.2, the Board may at any time alter, amend or modify the terms and conditions of this Scheme such that the provisions of this Scheme shall comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by the Board to implement the terms of this Scheme.

15. TERMINATION

The Bank by resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event, no further Options will be offered

under this Scheme but the provisions of this Scheme shall remain in force in all other respects.

16. CANCELLATION

The Board shall have the absolute discretion to cancel any Options granted but not vested or exercised (as the case may be) at any time at the request of the Grantee provided that where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made with available and ungranted Options within the limits referred to in clause 11 (but excluding for this purpose all cancelled Options). The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

17. MISCELLANEOUS

17.1 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Bank directly or indirectly or give rise to any cause of action at law or in equity against the Bank.

17.2 The Bank shall bear the costs of establishing and administering this Scheme, including, for the avoidance of doubt, expenses incurred in the issue of Options or Shares. For the avoidance of doubt, the Bank is not liable for any tax or expenses of such other nature payable on the part of any Eligible Person in respect of the vesting or exercise of Options or any sale, purchase or transfer of Shares issued pursuant to the Options.

17.3 A Grantee shall be entitled to request to be sent copies of all notices and other documents sent by the Bank to holders of Shares.

17.4 Any notice or other communication between the Bank and an Eligible Person (including but not limited to an Offer Letter, acceptance form and Option Letter) may be given by sending the same by prepaid post or by personal delivery or by electronic communication to, in the case of the Bank, its registered office in Hong Kong from time to time or such other physical or electronic address as notified to the Eligible Person from time to time and, in the case of an Eligible Person or Grantee, his/her physical or electronic address as notified to the Bank from time to time.

17.5 Without prejudice to other clauses in this Scheme, any notice or other communication served:

(a) by the Bank shall be deemed to have been served 24 hours after the same was put in the post or delivered by hand or by courier or, if served by electronic means to the electronic address of the Eligible Person or Grantee, shall be deemed to have been served immediately upon despatch; and

(b) by the Eligible Person or Grantee shall not be deemed to have been served until the same shall have been received by the Bank, and, if received after 5:00 p.m. (Hong Kong time) on a Business Day, shall be deemed received on the next following Business Day.

17.6 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to

permit the grant or exercise of his Option. The Bank shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme.

- 17.7 By accepting an Option, a Grantee shall be deemed irrevocably to have accepted the grant subject to the provisions of this Scheme and 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.
- 17.8 This Scheme and all Options granted hereunder shall comply with the requirements of the Listing Rules, and be governed by and construed in accordance with the laws of Hong Kong.