

1. FURTHER INFORMATION ABOUT THE COMPANY

(A) Incorporation

The Company was incorporated and registered in England and Wales on 16th November, 1969 as a company limited by shares with registered number 966425 and with the name Standard and Chartered Banking Group Limited. On 1st October, 1975 the Company changed its name to Standard Chartered Bank Limited. On 1st February, 1982 the Company re-registered as a public company under the Companies Acts 1948 to 1980 under the name Standard Chartered Bank Public Limited Company and on 1st January, 1985 changed its name to Standard Chartered PLC. The Company operates under the Companies Act 1985 and Companies Act 1989 and its registered and head office and its principal place of business in the United Kingdom is at 1 Aldermanbury Square, London EC2V 7SB. The Company has a place of business in Hong Kong at 32nd Floor, 4-4A Des Voeux Road Central, Hong Kong and is registered in Hong Kong under Part XI of the Companies Ordinance. Peter Tung Shun Wong and Julian Loong Choon Fong have been appointed the agents of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong at 32nd Floor, 4-4A Des Voeux Road Central, Hong Kong. The Shares and the Company's preference shares have been admitted to the Official List and are traded on the London Stock Exchange and accordingly the Company is subject to the provisions of the U.K. Listing Rules and the City Code. Its constitution comprises its Memorandum and Articles of Association. A summary of relevant parts of its constitution and certain relevant aspects of English company law is set out in Appendix IV to this prospectus.

(B) Changes in share capital

As at the date of this prospectus, the authorised share capital of the Company is U.S.\$2,816,000,000 (divided into 2,632,000,000 Shares of U.S.\$0.50 each and 300,000,000 non-cumulative preference shares of U.S.\$5 each), £500,000,000 (divided into 500,000,000 non-cumulative preference shares of £1 each) and €1,000,000,000 (divided into 1,000,000 non-cumulative preference shares of €1,000 each).

On 18th January, 2001, each shareholder of the Company received one ordinary share of U.S.\$0.50 for each ordinary share of £0.25 each that he or she held. The ordinary shares of £0.25 each have been cancelled and share certificates for these shares are no longer valid.

During the three financial years immediately preceding the date of this prospectus, the following issues of Shares, all of which are fully paid, have been made by the Company:

- (i) in the financial year ended 31st December, 1999:
 - (a) a placing of 49,000,000 Shares for cash was made to institutional investors on 15th March, 1999. The placing price of the Shares was 784p which was a discount of 3.9% to the middle-market price of the Shares on 5th March, 1999, the day the placing was announced, and a discount of 15.7% to the middle market price of the Shares on 15th March, 1999, the day the Shares were first traded. The middle-market price of the Shares on 5th March, 1999 was 816p, and on 15th March, 1999, the middle-market price was 930p; and

- (b) 3,025,189 Shares were issued at between 89.875p to 808.5p on the exercise of options under the Executive Schemes and 1,358,676 Shares were issued at between 200p and 700p on the exercise of options under the Sharesave Schemes. During the year, 851,281 Shares were allocated under the 1997 Restricted Scheme. Allocations on 9,550 Shares were exercised;
 - (c) 6,512,896 Shares were issued in lieu of the 1998 final dividend and 686,046 Shares were issued in lieu of the 1999 interim dividend.
- (ii) in the financial year ended 31st December, 2000:
- (a) a placing of 50,000,000 Shares for cash was made to institutional investors on 1st September, 2000. The placing price of the Shares was 915p which was a discount of 5% to the middle market price of the Shares on 1st September, 2000, the day the placing was announced; and
 - (b) 1,610,807 Shares were issued at prices between 89.875p to 808.5p on the exercise of options under the Executive Schemes, 2,290,440 Shares were issued at prices between 200p and 704p on the exercise of options under the Sharesave Schemes and 153,066 Shares were issued under the 1997 Restricted Scheme;
- (iii) in the financial year ended 31st December, 2001:
- (a) 1,000,000 8.9% non-cumulative U.S. Dollar preference shares were issued for cash on 26th June, 2001 at a price of U.S.\$1,000 per preference share; and
 - (b) 980,427 Shares were issued at prices between 175.375p and 888p on the exercise of options under the Executive Schemes, 2,952,964 Shares were issued at prices between 200p and 727p on the exercise of options under the Sharesave Schemes and 396,243 Shares were issued under the 1997 Restricted Scheme;
- (iv) from 1st January, 2002 to 31st August, 2002:
- (a) 432,343 Shares were issued at prices between 175.375p and 808.5p on the exercise of options under the Executive Schemes, 1,075,857 Shares were issued at prices between 200p and 723p on the exercise of options under the Sharesave Schemes and 501,029 Shares were issued under the 1997 Restricted Scheme.
 - (b) on 17th May, 2002, 1,622,999 Shares were issued to holders of Shares instead of cash for the 2001 final dividend for the year ended 31st December, 2001.

On 15th October, 2002, pursuant to elections made by holders of Shares, the Company issued 728,338 Shares to holders of Shares instead of cash for the 2002 interim dividend.

On 17th March, 2000 SCF(J)L issued the Bonds. The holder of each Bond has the right to convert each €1,000 unit of such Bond into one fully-paid SCF(J)L preference share allotted at a price equal to €1,000, which shall be exchanged immediately for Shares in the

Company at the price of 1,018.70p per Share, subject to adjustment, credited as fully paid, at any time (subject to any applicable fiscal or other laws or regulations and as provided in such terms and conditions) before the close of business (at the place where the relevant Bond is deposited for conversion) on the date falling seven days prior to 30th March, 2010. A conversion and exchange right may be exercised by the holder of a Bond delivering the relevant Bond to the specified office of any Paying, Conversion and Exchange Agent (as defined in the terms and conditions applicable to the Bonds) during its usual business hours, accompanied by a duly completed and signed notice of conversion and exchange in the form obtainable from any such Agent. The conversion date in respect of a Bond shall be the London business day immediately following the date of such delivery.

In March 2000 the Trust issued the Trust Preferred Securities which represent an equivalent amount of non-cumulative partnership preferred securities of the Partnership ("partnership preferred securities"). In certain circumstances, including on the occurrence of certain regulatory or tax events, the partnership preferred securities are exchangeable for €500,000,000 non-voting, non-cumulative perpetual preference shares of the Company. As soon as practicable after any such exchange, the Trust is required to deliver to holders of the Trust Preferred Securities, in return for such securities, the preference shares of the Company for which the partnership preferred securities were exchanged. In addition, if the partnership preferred securities (or, if these have been exchanged for preference shares of the Company, such preference shares) have not been redeemed on or before 23rd March, 2010, holders of partnership preferred securities (or, if applicable, holders of the aforesaid preference shares) have the right to exchange their partnership preferred securities (or, if applicable, the aforesaid preference shares) for the cash proceeds of a sale of Shares, such cash proceeds to equal the aggregate amount for which those partnership preferred securities (or, if applicable, the aforesaid preference shares) would otherwise be redeemed.

In May 2001 Standard Chartered Bank issued £300,000,000 8.103% step-up callable perpetual preferred securities. Under the terms of issue of these securities, Standard Chartered Bank is entitled, and in certain circumstances is obliged, to satisfy coupon payments effectively through the proceeds of sale of Shares.

(C) Resolutions of the shareholders of the Company

1. At the annual general meeting of the Company held on 3rd May, 2001, the Directors were authorised, generally without conditions to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to a total nominal value of U.S.\$1,500,000,000 (made up of non-cumulative preference shares of U.S.\$5.00 each). This authority applies from 3rd May, 2001 to 3rd May, 2006 but during this period the Company may make offers, and enter into agreements which would, or might, require relevant securities to be allotted after the authority ends and the Directors may allot relevant securities under any such offer or agreement as if the authority had not ended.
2. At the annual general meeting of the Company held on 2nd May, 2002 the Directors were authorised, generally and without conditions to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of U.S.\$207,858,450 (made up of Shares).

Such authority applies from 2nd May, 2002 until the annual general meeting of the Company in 2003, but during this period the Company may make offers, and enter into agreements, which would, or might, require relevant securities to be allotted after the authority ends and the Directors may allot relevant securities under any such offer or agreement as if the authority had not ended.

3. At the annual general meeting of the Company held on 2nd May, 2002, the Directors were empowered to allot equity securities (as defined in the Companies Act 1985) for cash (pursuant to the authority referred to in paragraph 1 above) free of the restriction in section 89(1) of the Companies Act 1985, provided that such power is limited to:

- (A) the allotment of equity securities in connection with an offer of equity securities open for a period decided on by the Directors:

- (i) to ordinary shareholders on the register on a particular date, in proportion (as nearly as may be) to their existing holdings; and
- (ii) to people who are registered on a particular date as holders of other classes of equity securities, if this is required by the rights of those securities or, if the Directors consider it appropriate, as permitted by the rights of those securities,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) the allotment (otherwise than under (A) above) of equity securities up to total nominal value of U.S.\$28,266,962.

Such power applies from 2nd May, 2002 until the annual general meeting of the Company in 2003, but during the period the power applies, the Company may make offers, and enter into agreements, which would or might, require equity securities to be allotted after the power ends and the Directors may allot equity securities under any such offer or agreement as if the authority had not ended.

The provisions of section 89(1) of the Companies Act 1985 (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Companies Act 1985) which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme (as defined in section 743 of the Companies Act 1985)) apply to the authorised but unissued share capital of the Company to the extent not disappplied as described above.

4. At the annual general meeting of the Company held on 2nd May, 2002, the Directors were authorised, generally and without conditions, to make market purchases (as defined in the Companies Act 1985) of Shares provided that:

- (a) the Company does not purchase more than 113,098,213 Shares under such authority;

- (b) the Company does not pay less for each Share (before expenses) than U.S.\$0.50 (or the equivalent in the currency in which the purchase is made, calculated by reference to a spot exchange rate for the purchase of U.S. dollars with such other currency as selected by the Directors and quoted in the London Foreign Exchange Market at or about 11.00 a.m. (London time) on the business day before the day the Company agrees to buy the Shares); and
- (c) the Company does not pay more for each Share (before expenses) than 5% over the average of the middle market price of the Shares according to the Official List for the five business days immediately before the date on which the Company agrees to buy the Shares.

Such authority applies from 2nd May, 2002 until the annual general meeting of the Company in 2003, but during this period the Company may agree to purchase Shares where the purchase may not be completed (fully or partly) until after the authority ends and may make a purchase of Shares in accordance with any such agreement as if the authority had not ended.

5. At an extraordinary general meeting of the Company held on 7th October, 2002, the Directors were authorised, generally and without conditions, to make market purchases (as defined in the Companies Act 1985) of up to 1,000,000 of its non-cumulative preference shares of U.S.\$5.00 each (“dollar preference shares”) and up to 200,000,000 of its non-cumulative preference shares of £1.00 each (“sterling preference shares”) provided that:
 - (a) the Company does not pay less (before expenses) than the nominal value of the preference share (or the equivalent in the currency in which the purchase is made, calculated by reference to the spot exchange rate for the purchase of the currency in which the relevant preference share is denominated with such other currency as displayed on the appropriate page of the Reuters screen at or about 11.00 a.m. (London time) on the business day before the day the Company agrees to buy the preference shares);
 - (b) the Company does not pay more (i) for each sterling preference share (before expenses) than 25% over the average of the middle market price of the relevant class of shares according to the Official List for the ten business days immediately before the date on which the Company agrees to buy the sterling preference shares, and (ii) for each dollar preference share (before expenses) than 5% over the average of the middle market price of such shares accordingly to the Official List for the ten business days immediately before the date on which the Company agrees to buy the dollar preference shares.

Such authority applies from 7th October, 2002 until the annual general meeting of the Company in 2003, but during this period the Company may agree to purchase preference shares where the purchase may not be completed (fully or partly) until after the authority ends and may make a purchase of preference shares in accordance with any such agreement as if the authority had not ended.

(D) General mandates

The existing mandates given to the Directors to allot shares were given under English law, the U.K. Listing Rules and Investor Protection Committee (“IPC”) guidelines. Under English company law, a company cannot issue equity securities for cash, other than on a pre-emptive basis, without a shareholder mandate to do so (a “Section 89 Mandate”). In common with the vast majority of other English public companies listed in London, the Company seeks an annual authority from shareholders at its annual general meeting to allow it to allot equity securities on a non-pre-emptive basis in certain circumstances. Those circumstances are:

- (a) to enable the Company to deal with fractional entitlements, legal, regulatory or practical problems in relation to an otherwise pre-emptive offer (for example, a rights issue);
- (b) otherwise (i.e. on a purely non-pre-emptive basis) up to a fixed amount.

Under IPC guidelines, the fixed amount referred to in (b) above cannot be more than 5% of the Company’s issued ordinary share capital, and the Company may not offer equity securities (which includes Shares but does not include preference shares) for cash on a non-pre-emptive basis representing more than 7.5% of the Company’s issued ordinary share capital over any three year rolling period. The Company’s existing Section 89 Mandate in relation to Shares (see sub-paragraph (C)3 above) complies with these restrictions.

The existing mandates permit the Company to issue Shares other than for cash on a non-pre-emptive basis. However, that is subject to the following:

- (1) An English company cannot allot any relevant securities (which include shares and share options, other than share options pursuant to an employee share scheme) without a shareholder mandate (a “Section 80 Mandate”). IPC guidelines limit the amount of any Section 80 Mandate to a maximum of one-third of the ordinary share capital of the Company (which includes both pre-emptive and non-pre-emptive issues, whether or not for cash), subject to any additional amounts which may be necessary for certain purposes (for example, to satisfy existing share options and conversion of convertible securities). However, the Company is of the view that such IPC guidelines do not apply in relation to a Section 80 Mandate relating solely to preference shares. A Section 80 Mandate may last for up to five years, although many companies listed on the London Stock Exchange (including the Company) renew the authority in relation to their ordinary shares annually (see sub-paragraph (C)1 above (in relation to preference shares) and sub-paragraph (C)2 above (in relation to Shares)).
- (2) An English public company cannot issue shares otherwise than for cash unless the consideration for the allotment has been independently valued and an independent valuation report prepared. This rule is subject to an exception for share-for-share issues. That exception allows a public company to issue shares for non-cash consideration if that consideration comprises (wholly or partly) of all of the shares, or all of the shares of a particular class, of another body corporate.

Under the form of listing agreement required to be entered into by listed issuers with the Hong Kong Stock Exchange, a listed issuer will require shareholder approval to issue shares, securities convertible into shares and options, warrants or similar rights to subscribe for any shares or such convertible securities. However, such approval is not required if the issue of such securities is on a pre-emptive basis. Listed issuers may seek a general mandate from shareholders to allot or issue such securities on a non-pre-emptive basis up to twenty per cent. of the listed issuer's issued share capital. This mandate may last until the conclusion of the first annual general meeting of the listed issuer following the passing of the resolution.

The Hong Kong Stock Exchange has granted a waiver from compliance with paragraph 19(2)(b) of the Listing Agreement to the Company to allow it to allot and issue Shares under and in accordance with its existing mandates (which expire at the annual general meeting of the Company in 2003). The Hong Kong Stock Exchange has also granted a waiver from compliance with paragraph 19(2)(b) of the Listing Agreement to the Company to allow it to allot and issue preference shares in accordance with English law and the U.K. Listing Rules.

Under English company law and the U.K. Listing Rules, the Company may seek an annual mandate from shareholders to make repurchases through the London Stock Exchange of its own equity shares, provided that such mandate is for less than 15% of the issued shares of that class. The price paid for any shares repurchased must be not more than 5% above the average of the market values (on the London Stock Exchange) of those shares for the 5 business days before the purchase is made. Purchases by the Company of 15% or more of any class of its equity shares must be made by way of either a tender or a partial offer to all shareholders of that class on the same terms. The Repurchase Mandate (see subparagraph (C)4 above) authorises the Directors to make market purchases of up to 113,098,213 Shares, representing approximately 10% of the Company's issued Shares. The Repurchase Mandate expires at the annual general meeting of the Company in 2003.

A shareholder mandate in relation to the purchase by the Company of its shares other than equity shares (for example, preference shares) through the London Stock Exchange is not subject to the above restrictions in relation to amount and price.

The Company's existing repurchase mandate in relation to preference shares authorises the Directors to make market purchases of up to 1,000,000 dollar preference shares and up to 200,000,000 sterling preference shares, representing the entire issued dollar and sterling preference shares of the Company. This also expires at the next annual general meeting of the Company in 2003.

Any repurchase by the Company of its own shares, other than a repurchase through the London Stock Exchange, would be an "off market" repurchase for the purposes of English company law. As such, specific prior shareholder approval to entering into by the Company of the repurchase contract would be required.

Under the Hong Kong Listing Rules, an issuer whose primary listing is on the Hong Kong Stock Exchange may only purchase shares (including preference shares) on the Hong Kong Stock Exchange if it has obtained prior shareholder approval either specifically or generally (up to a maximum limit of ten per cent. of its issued share capital).

2. SUBSIDIARIES

(A) Principal wholly-owned subsidiary of the Company

<u>Name and registered office of company</u>	<u>Authorised share capital</u>	<u>Issued and paid-up share capital</u>	<u>Country of Incorporation</u>	<u>Date of Incorporation</u>	<u>Field of activity</u>
Standard Chartered Bank 1 Aldermanbury Square London EC2V 7SB	3,093,980,894 ordinary shares of U.S.\$1.00 each and 1,000,000 non- cumulative preference shares of U.S.\$5.00 each	2,786,003,951 ordinary shares of U.S.\$1.00 each 1,000,000 non- cumulative preference shares of U.S.\$5.00 each	England	29th December, 1853	Commercial banking

(B) Principal wholly-owned subsidiaries of Standard Chartered Bank

<u>Name and registered office of company</u>	<u>Authorised share capital</u>	<u>Issued and paid-up share capital</u>	<u>Country of Incorporation</u>	<u>Date of Incorporation</u>	<u>Field of activity</u>
Standard Chartered Grindlays Bank Limited Level 1 345 George Street Sydney NSW 2000 Australia	286,300,000 ordinary shares 60,000,000 deferred shares 25,000,000 redeemable preference shares	286,300,000 ordinary of shares 60,000,000 deferred shares 25,000,000 redeemable preference shares	Australia	22nd July, 1996	Commercial banking
Standard Chartered Bank Malaysia Berhad 2 Jalan Ampang 50450 Kuala Lumpur Malaysia	700,000,000 ordinary shares of RM1.00 each 300,000,000 redeemable preference shares of RM1.00 each	125,000,000 ordinary shares of RM 1.00 each 190,000 redeemable preference shares of RM1.00 each	Malaysia	29th February, 1984	Commercial banking

(C) Other investments in subsidiaries

<u>Name of company</u>	<u>Authorised share capital</u>	<u>Issued share capital</u>	<u>Standard Chartered Bank's shareholding</u>	<u>Country of Incorporation</u>	<u>Date of Incorporation</u>	<u>Field of activity</u>
Standard Chartered Insurance Limited	40,000,000 ordinary shares of U.S.\$1.00 each	30,000,000 ordinary shares of U.S.\$1.00 each	100.00%	Isle of Man	8th December, 1986	Insurance Business
Standard Chartered Grindlays (Offshore) Limited	5,000,000 ordinary shares of £1.00 each 100 preference shares of £1.00 each	3,633,333 ordinary shares of £1.00 each 50 preference shares of £1.00 each	100.00%	Jersey	26th March, 1966	Offshore banking

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Name of company	Authorised share capital	Issued share capital	Standard Chartered Bank's shareholding	Country of Incorporation	Date of Incorporation	Field of activity
Standard Chartered Bank Public Company Limited	700,301,094 ordinary shares of Thai Baht 10 each	700,301,094 ordinary shares of Thai Baht 10 each	75.00%	Thailand	15th June, 1993	Commercial banking
Manhattan Card Company Limited	2,000,000,000 ordinary shares of HK\$0.10 each	1,994,240,771 ordinary shares of HK\$0.10 each	100.00%	Hong Kong	4th February, 1993	Credit card issuer
Standard Chartered Bank Botswana Limited	400,000,000 ordinary shares of Botswana Pula 1.00 each	288,062,570 ordinary shares of Botswana Pula 1.00 each	75.00%	Botswana	1st April, 1975	Commercial banking
Standard Chartered Bank Cameroon S.A.	350,000 shares of Cameroon francs 10,000 each	350,000 shares of Cameroon francs 10,000 each	100.00%	Cameroon	24th September, 1980	Commercial banking
Standard Chartered Bank Gambia Limited	10,000,000 ordinary shares of Gambian Dalasi 1.00 each	8,950,000 ordinary shares of Gambian Dalasi 1.00 each	74.90%	Gambia	1st July, 1978	Banking
Standard Chartered Bank Ghana Limited	100,000,000 shares at no par value	17,596,042 shares at no par value	66.78%	Ghana	18th September, 1970	Commercial banking
Standard Chartered Bank Kenya Limited	248,000,000 ordinary shares of Kenyan Shillings 5.00 each	247,243,464 ordinary shares of Kenyan Shillings 5.00 each	73.81%	Kenya	2nd September, 1963	Banking services
Standard Chartered Bank Nigeria Limited	1,200,000,000 ordinary shares of Nigeria Naira 1.00 each	1,200,000,000 ordinary shares of Nigeria Naira 1.00 each	100.00%	Nigeria	6th May, 1999	Banking
Standard Chartered Bank Sierra Leone Limited	813,639,938 ordinary shares of Sierra Leone Leone 1.00 each	800,000,000 ordinary shares of Sierra Leone Leone 1.00 each	81.00%	Sierra Leone	1st April, 1971	Banking
Standard Chartered Bank Tanzania Limited	2,000,000 ordinary shares of Tanzanian Shillings 1,000.00 each	1,000,003 ordinary shares of Tanzanian Shillings 1,000.00 each	100.00%	Tanzania	22nd September, 1992	Banking

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Name of company	Authorised share capital	Issued share capital	Standard Chartered Bank's shareholding	Country of Incorporation	Date of Incorporation	Field of activity
Standard Chartered Bank Uganda Limited	2,000,000 ordinary shares of Ugandan Shillings 1,000.00 each	2,000,000 ordinary shares of Ugandan Shillings 1,000.00 each	100.00%	Uganda	30th October, 1969	Banking
Standard Chartered Bank Zambia plc	6,000,000,000 ordinary shares of Zambian Kwacha 0.50 each	4,095,000,000 ordinary shares of Zambian Kwacha 0.50 each	90.00%	Zambia	11th November, 1971	Banking
Standard Chartered Bank Zimbabwe Limited	150,000,000 ordinary shares of Zimbabwe Dollar 1.00 each	109,000,000 ordinary shares of Zimbabwe Dollar 1.00 each	100.00%	Zimbabwe	23rd May, 1983	Banking
Standard Chartered Bank Australia Limited	400,000 cumulative, participating, non-redeemable 7% preference shares and 150,000,000 ordinary shares	363,787 cumulative, participating, non-redeemable 7% preference shares and 145,677,757 ordinary shares	100.00%	Australia	5th March, 1936	Banking
Banco Standard Chartered	133,930 class A shares of U.S.\$751.33 each	133,930 class A Shares of U.S.\$751.33 each	100.00%	Peru	12th September 1980	Banking
Standard Chartered Bank Cote d'Ivoire SA	8,000,000,000 CFA Francs	6,280,813,998 CFA Francs	100%	Cote d'Ivoire SA	1st October, 1999	Commercial Banking
Standard Chartered Bank SAL	400,000 A Shares of 10,000 Lebanese Pounds 800,000 B Shares of 10,000 Lebanese Pounds	400,000 A Shares of 10,000 Lebanese Pounds 800,000 B Shares of 10,000 Lebanese Pounds	100%	Lebanon	13th November, 1979	Consumer Treasury Corporate & Institutional Banking
Standard Chartered Grindlays Bank (Jersey) Limited	34,000,000 ordinary shares of £1.00 each	33,000,000 ordinary shares of £1.00 each	100%	Jersey	2nd December, 1968	Banking

(D) Changes in share capital

There has been no material issue of share capital of any of the Company's subsidiaries within the three years preceding the date of this prospectus, except for the purposes of the existing employee share schemes or scrip dividend schemes.

3. REPURCHASE OF THE COMPANY'S OWN SECURITIES

This section includes information concerning the repurchase by the Company of its own securities.

(A) Repurchases on the Hong Kong Stock Exchange

The Company is subject to the provisions of the Companies Act 1985 and U.K. Listing Rules in relation to repurchases of Shares. As the Hong Kong Stock Exchange is not a recognised investment exchange for the purposes of the Companies Act 1985, any proposed repurchases of Shares on the Hong Kong Stock Exchange by the Company would be an "off-market purchase" for the purposes of, and would accordingly need to comply with the provisions for off-market purchases set out in, the Companies Act 1985. On this basis, the Company does not currently intend to effect repurchases of Shares through the facilities of the Hong Kong Stock Exchange.

(B) Reasons for repurchases

The Directors believe that it is in the Company's best interests and the best interests of the Company's shareholders for the Directors to have general authority from the Company's shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Board believes that such repurchases will benefit the Company and the Company's shareholders.

(C) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose and in accordance with its Memorandum of Association and Articles of Association and the U.K. Listing Rules.

On the basis of the Company's current financial position as disclosed in this prospectus and taking into account the Company's current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the Company's working capital and/or the Company's gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels which in the opinion of the Members of the Board are from time to time appropriate for the Company.

The Repurchase Mandate authorises the Directors, generally and without conditions, to make market purchases (as defined in the Companies Act 1985) of up to 113,098,213 Shares.

The Directors are authorised, generally and without conditions, to make market purchases (as defined in the Companies Act 1985) of up to 1,000,000,000 of its non-cumulative preference shares of U.S.\$5.00 each and up to 200,000,000 of its non-cumulative preference shares of £1.00 each.

(D) General

If, as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Except as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Hong Kong Stock Exchange to waive the Hong Kong Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

4. MATERIAL CONTRACTS

Other than the Hong Kong Underwriting Agreement, no member of the Group has entered into any material contract (not being a contract entered into in the ordinary course of business) within the two years preceding the date of this prospectus. A summary of the principal contents of the Hong Kong Underwriting Agreement is contained in the section headed "Underwriting" of this prospectus.

5. DISCLOSURE OF INTERESTS

(A) Substantial shareholder

So far as the Directors are aware, as at the Latest Practicable Date, the following shareholder was interested in 10% or more of the Shares then in issue:

<u>Name</u>	<u>Shares</u>	<u>Percentage of issued share capital</u>
Tan Sri Khoo Teck Puat.....	157,329,714	13.87%

(B) Interests of Directors in the share capital of the Company

Immediately following the Share Offer (assuming no sales or purchases or issues of any Shares after the Latest Practicable Date save for the Shares issued to the Directors instead of cash pursuant to elections made by such Director for the 2002 interim dividend which are included in the table below), the interests of the Directors in the share capital of the Company and its associated corporations (within the meaning of the SDI Ordinance) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which are taken or deemed to have under section 31 of, Part I of the Schedule to, the SDI Ordinance) once the Shares are listed, or which will be required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein once the Shares are listed, or to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Hong Kong Listing Rules once the Shares are listed, will be as follows:

<u>Name of Director</u>	<u>Personal Interests</u>	<u>Family Interests</u>	<u>Corporate Interests</u>	<u>Other Interests</u>	<u>Total Interests</u>
Sir Patrick Gillam	38,994	—	—	23,725	62,719
Lord Stewartby	14,753	—	—	—	14,753
E. M. Davies	56,716	—	—	—	56,716
R. C. Chan	2,325	—	—	—	2,325
Sir CK Chow	8,664	—	—	—	8,664
B. Clare	2,015	—	—	—	2,015
M. B. DeNoma	10,000	—	—	—	10,000
Ho KwonPing	2,208	—	—	—	2,208
C. A. Keljik	1,078	97,688	—	—	98,766
R. H. P. Markham.....	2,075	—	—	—	2,075
D. G. Moir	112,955	—	—	—	112,955
K. S. Nargolwala	70,897	—	—	—	70,897
H. E. Norton	4,000	—	—	—	4,000
Sir Ralph Robins.....	3,974	—	—	—	3,974
P. A. Sands	2,027	—	—	—	2,027
A. W. P. Stenham.....	23,095	—	—	—	23,095

(C) Directors with options over Shares granted under Employee Share Schemes

The following table sets forth the details of options over Shares granted under the Employee Share Schemes as at the Latest Practicable Date:

<u>Name of Director</u>	<u>Number of options granted</u>	<u>Date of grant</u>	<u>Number of Shares subject to the options</u>	<u>Exercise period of the options</u>	<u>Exercise price of the options</u>	
Sir Patrick Gillam	<u>Executive Schemes⁽¹⁾</u>					
	1	23rd August, 1996	64,628	Between 3 and 10 years from the date of grant, subject to performance criteria.	719.5p	
	1	5th September, 1997	66,233		808.5p	
	1	5th August, 1999	68,412		888p	
	1	12th June, 2000	149,824		871.02p	
	1	2nd April, 2001	156,319		902p	
	1	6th March, 2002	201,300		722.8p	
		<u>Supplemental Scheme</u>				
	1	29th May, 1997	54,310	Within 5 years from the date of grant, subject to performance criteria.	986p	
	1	27th February, 1998	64,929		882.5p	
	1	10th March, 1999	57,440		890.5p	
	1	25th February, 2000	14,634		820p	
		<u>Performance Share Plan</u>				
	1	13th June, 2001	48,750	Between 3 and 10 years from the date of grant, subject to performance criteria.	Nil	
	1	6th March, 2002	67,100		Nil	
	E. M. Davies	<u>Executive Schemes⁽¹⁾</u>				
1		5th September, 1997	20,000	Between 3 and 10 years from the date of grant, subject to performance criteria.	808.5p	
1		6th August, 1998	60,483		620p	
1		5th August, 1999	52,365		888p	
1		12th June, 2000	117,104		871.02p	
1		2nd April, 2001	119,733		902p	
1		6th March, 2002	415,052		722.8p	
		<u>Supplemental Scheme</u>				
1		29th May, 1997	30,425	Within 5 years from the date of grant, subject to performance criteria.	986p	
1		27th February, 1998	42,942		882.5p	
1		10th March, 1999	52,217		890.5p	
1		25th February, 2000	26,832		820p	
		<u>Performance Share Plan</u>				
1		13th June, 2001	34,500	Between 3 and 10 years from the date of grant, subject to performance criteria.	Nil	
1		6th March, 2002	83,010		Nil	
		<u>Sharesave Schemes</u>				
1	6th October, 1999	1,376	Between 6 months and 5 years and 6 months from the date of grant, subject to performance criteria.	704p		
1	6th September, 2002	2,957		559.5p		
M. B. DeNoma	<u>Executive Schemes⁽¹⁾</u>					
	1	5th August, 1999	30,405	Between 3 and 10 years from the date of grant, subject to performance criteria.	888p	
	1	5th August, 1999	3,378		888p	
	1	12th June, 2000	94,716		871.02p	
	1	2nd April, 2001	119,733		902p	
	1	6th March, 2002	102,379		722.8p	
		<u>Supplemental Scheme</u>				
	1	25th February, 2000	36,585	Within 5 years from the date of grant, subject to performance criteria.	820p	
	<u>Performance Share Plan</u>					
1	13th June, 2001	32,500	Between 3 and 10 years from the date of grant, subject to performance criteria.	Nil		
1	6th March, 2002	30,713		Nil		

APPENDIX VIII

STATUTORY AND GENERAL INFORMATION

<u>Name of Director</u>	<u>Number of options granted</u>	<u>Date of grant</u>	<u>Number of Shares subject to the options</u>	<u>Exercise period of the options</u>	<u>Exercise price of the options</u>	
C. A. Keljik	<u>Sharesave Schemes</u>					
	1	1st November, 1999	2,397	Between 6 months and 5 years and 6 months from the date of grant.	704p	
	<u>Executive Schemes⁽¹⁾</u>					
	1	11th August, 1995	20,000	Between 3 and 10 years from the date of grant, subject to performance criteria.	387p	
	1	23rd August, 1996	10,000		719.5p	
	1	5th September, 1997	20,000		808.5p	
	1	6th August, 1998	40,645		620p	
	1	5th August, 1999	46,453		888p	
	1	12th June, 2000	103,327		871.02p	
	1	2nd April, 2001	119,733		902p	
	1	6th March, 2002	127,974		722.8p	
	<u>Supplemental Scheme</u>					
	1	29th May, 1997	24,340	Within 5 years from the date of grant, subject to performance criteria.	986p	
	1	27th February, 1998	28,555		882.5p	
	1	10th March, 1999	24,706		890.5p	
1	25th February, 2000	47,317	820p			
<u>Performance Share Plan</u>						
1	13th June, 2001	32,500	Between 3 and 10 years from the date of grant, subject to performance criteria.	Nil		
1	6th March, 2002	38,392		Nil		
D. G. Moir	<u>Sharesave Schemes</u>					
	1	30th September, 1998	5,164	Between 6 months and 5 years and 6 months from the date of grant.	334p	
	<u>Supplemental Scheme</u>					
	1	29th May, 1997	48,073	Within 5 years from the date of grant, subject to performance criteria.	986p	
	1	27th February, 1998	57,450		882.5p	
	1	10th March, 1999	51,544		890.5p	
	1	25th February, 2000	9,756		820p	
	K. S. Nargolwala	<u>Executive Schemes⁽¹⁾</u>				
		1	6th August, 1998	48,387	Between 3 and 10 years from the date of grant, subject to performance criteria.	620p
		1	5th August, 1999	50,676		888p
1		12th June, 2000	111,937	871.02p		
1		2nd April, 2001	119,733	902p		
1		6th March, 2002	153,569	722.8p		
<u>Supplemental Scheme</u>						
1		27th February, 1998	33,994	Within 5 years from the date of grant, subject to performance criteria.	882.5p	
1		10th March, 1999	36,215		890.5p	
1		25th February, 2000	54,878		820p	
<u>Performance Share Plan</u>						
1	13th June, 2001	37,250	Between 3 and 10 years from the date of grant, subject to performance criteria.	Nil		
1	6th March, 2002	51,189		Nil		
P.A. Sands	<u>Executive Schemes⁽¹⁾</u>					
	1	20th May, 2002	205,384	Between 3 and 10 years from the date of grant, subject to performance criteria	861.8 p	
	1	20th May, 2002	3,481		861.8 p	
	<u>Performance Share Plan</u>					
	1	20th May, 2002	52,216	Between 3 and 10 years from the date of grant, subject to performance criteria	Nil	
	<u>Sharesave Schemes</u>					
	1	6th September, 2002	2,957	Between 6 months and 5 years and 6 months from date of grant	559.5 p	
<u>Restricted Schemes</u>						
1	20th May, 2002	52,216	Between 2 and 7 years from the date of allocation	861.8 p		

Note:

(1) Excluding the Supplemental Scheme and the Performance Share Plan.

(D) Particulars of service agreements

Each of the undermentioned executive Directors other than Sir Patrick Gillam has entered into a service agreement with Standard Chartered Bank.

<u>Name</u>	<u>Date of agreement</u>
Sir Patrick Gillam	5.3.1993 ⁽¹⁾
E. M. Davies	3.11.1997
M. B. DeNoma	19.6.2000
C. A. Keljik	11.8.1999
K. S. Nargolwala	9.8.1999
P. A. Sands	13.5.2002

Note:

(1) Sir Patrick Gillam's agreement is with the Company. The agreement was amended on 7th April, 1994 and extended on 6th August, 1996 and 19th February, 1999.

All the executive Directors receive post retirement benefits under a variety of arrangements. Generally, executive Directors receive life assurance benefits, the provision of a company car (or cash allowance), private health insurance cover and are entitled to participate in such executive share option or other incentive schemes as are operated from time to time.

They also receive an annual cash bonus payable on award. The award is dependent upon both Standard Chartered and they, as individuals, achieving certain objectives.

Executive Directors working overseas are also entitled to an uplift on their salary to account for additional living costs, together with other benefits such as allowances for educational expenses and air travel.

The executive Directors' service agreements are terminable by the employer on one year's notice. In the year following a change of control of the Company Mr. Davies, Mr. DeNoma, Mr. Keljik, Mr. Nargolwala and Mr. Sands are entitled to two years' notice. The service agreements are terminable by the executive Director on one year's notice.

The service agreements of Mr. DeNoma, Mr. Keljik and Mr. Nargolwala expressly provide that if the employer terminates the agreement without good cause or without giving the required notice, a sum equal to one year's salary, annual allowances and annual pension contributions will be payable as of the termination date. In the year following a change of control of the Company, a sum equal to two years' salary, allowances and pension contributions would be payable.

Except as disclosed in this prospectus, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(E) Directors' remuneration

The aggregate remuneration paid and benefits in kind granted by the Group to the Directors for the year ended 31st December, 2001 was U.S.\$10,356,000.

Under the arrangements currently in force, the aggregate amount of remuneration payable and benefits in kind to be granted by the Company or any member of the Group to the Directors and the proposed Director for the year ending 31st December, 2002 is estimated to be approximately U.S.\$8.8 million.

Please refer to the paragraph "Directors' Remuneration" in the section headed "Directors, Senior Management and Staff" of this prospectus for Directors' remuneration for the three years ended 31st December, 2001.

(F) Fees or commission

The table below contains details in relation to the commissions paid within the two years preceding the date of this prospectus in connection with the issue of capital by the Company and its subsidiaries:

<u>Date</u>	<u>Activity</u>	<u>Commission</u>
May 2001	£300 million 8.103% step up callable perpetual preferred securities	1.0%
May 2001	U.S.\$700 million 8.00% subordinated notes due 2031	0.9%
June 2001	U.S.\$1,000 million 8.9% preference shares	3.0%

Save as disclosed above, no commission, discounts, brokerages or other special terms have been granted in connection with the issue of any capital by the Company or any of its subsidiaries within the two years immediately preceding the date of this prospectus.

(G) Disclaimers

Except as disclosed in this prospectus:

- (i) none of the Directors has any interest in any of the Company's shares or debentures or shares in or debentures of any associated company within the meaning of SDI Ordinance, which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to section 28 of SDI Ordinance (including interests which he is deemed to have under section 31 of, or Part I of the Schedule to, the SDI Ordinance) or which will be required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in each case once the Shares are listed;
- (ii) none of the Directors is at the date of this prospectus, a legal or beneficial owner of any of the shares of the Company and the Company is not aware of any arrangement which may, at a subsequent date, result in a change of control of the Company;

- (iii) none of the Directors or the proposed Director nor any of the parties listed in paragraph 7(C) of this Appendix is interested in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to the Company or its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or its subsidiaries;
- (iv) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the Company's business;
- (v) except as disclosed in this prospectus and save in connection with the Underwriting Agreements, none of the parties listed in paragraph 7(C) of this Appendix:
 - (a) is interested legally or beneficially in any of the Shares or in any shares in any subsidiary of the Company; or
 - (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or its subsidiaries; and
- (vi) none of the Directors has entered or proposes to enter into a service contract with the Company or its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. EMPLOYEE SHARE SCHEMES

Standard Chartered operates a suite of employee share plans that are designed to be competitive against the international market, drive performance, align interests of employees with those of shareholders and enable employees to build up a stake in the Company as follows:

The Standard Chartered 1994 Sharesave Scheme (the "U.K. Sharesave Scheme");

The Standard Chartered 1996 International Sharesave Scheme (the "ISS");

The Standard Chartered 1984 Executive Share Option Scheme (the "1984 ESOS")

The Standard Chartered 1994 (No. 1) Executive Share Option Scheme (the "No. 1 Executive Scheme");

The Standard Chartered 1994 (No. 2) Executive Share Option Scheme (the "No. 2 Executive Scheme");

The Standard Chartered 1995 Restricted Share Scheme (the "1995 Restricted Scheme");

The Standard Chartered 1997 Supplemental Executive Share Option Scheme (the "Supplemental Scheme");

The Standard Chartered 1997 Restricted Share Scheme (the “1997 Restricted Scheme”);

The Standard Chartered 2000 Executive Share Option Scheme (the “2000 Executive Scheme”); and

The Standard Chartered 2001 Performance Share Plan (the “Performance Share Plan”).

Options are no longer granted under the 1984 ESOS, the No. 1 Executive Scheme, the No. 2 Executive Scheme, the 1995 Restricted Scheme and the Supplemental Scheme.

(A) The U.K. Sharesave Scheme

The U.K. Sharesave Scheme is designed to encourage wider share ownership across all levels of the organisation and is open to all Standard Chartered’s employees worldwide via an annual invitation to participate.

The U.K. Sharesave Scheme is a U.K. Inland Revenue approved scheme established in 1994.

In order for an individual to be invited to participate in the U.K. Sharesave Scheme, they must be:

- (i) a full-time Director or employee of the Company or one of its participating subsidiaries (that is, anyone who is required to devote not less than 16 hours per week to the service of Standard Chartered); and
- (ii) subject to Case 1 Schedule E income tax in the U.K.

In addition, the Directors may require that the individual should have been in service for a minimum period (not exceeding five years). The Directors also have the discretion to nominate employees who do not satisfy the above conditions, such as part-time workers, to participate in the scheme.

Under this Scheme, in relation to the grant of options on any date, the Board shall ensure that:-

- (i) every eligible individual has been given an invitation to apply for an option;
- (ii) every such invitation is given on the same date and specifies certain terms which the savings contract is required to contain; and
- (iii) every eligible individual who has applied for an option in the form and manner described by the Board, and who has proposed to make a savings contract in connection with the option in accordance with the rules of the Scheme, is granted an option on that date.

Any eligible individual who applies for an option under the U.K. Sharesave Scheme must also enter into a U.K. Inland Revenue approved savings contract agreeing to make minimum monthly savings. Shares will only be acquired under the U.K. Sharesave Scheme on the exercise of the option using payments under this contract which, unless the Board

determines otherwise, will be taken as including any bonuses payable under it. (Instead of earning interest on contributions made under a U.K. Inland Revenue savings contract, participants are paid a bonus upon maturity of the savings contract, which is calculated as a multiple (as prescribed by HM Treasury) of the monthly contribution.) Accordingly, eligible employees will be granted an option over a number of Shares that have a total option exercise price which is not more than payments and bonus payable under the savings contract.

The amount of monthly contributions under each savings contract shall be the amount which the participant has specified in his application for an option or, if lower, a maximum amount which:-

- (i) when aggregated with the amount of his monthly contributions under any other savings contract linked to any Inland Revenue approved share option scheme does not exceed £250 or such other maximum amount as may be permitted by the Inland Revenue;
- (ii) does not exceed the maximum amount for the time being permitted under the terms of the saving contract; and
- (iii) when aggregated with the amount of his monthly contributions under any other savings contract linked to this Scheme, does not exceed any maximum amount as may from time to time be determined by the Board.

If a participant has entered into a savings contract but decides not to exercise an option granted to him, he is entitled to repayment of his monthly contributions under his savings contract (together with the bonus payable) upon maturity of the savings contract. Where, before an option has become capable of being exercised, the participant gives notice that he intends to stop paying monthly contributions under his savings contract relating to the option, or makes an application for repayment of the monthly contributions paid thereunder, the option may not be exercised at all, but the participant is entitled to repayment of his monthly contributions (together with interest (but not the bonus) if the termination of the savings contract is made after 12 months from its date of commencement).

An invitation to apply for options to acquire Shares may normally only be given in the six weeks beginning on the dealing day next following the date on which the Company announces its results for any period. Options may also be granted in circumstances considered by the Board to be exceptional.

No options may be granted under the U.K. Sharesave Scheme after 5th May, 2004. Options granted under this scheme are personal to the option holder and, except on their death, may not be transferred.

The Board will determine the price payable for each Share under option before the grant of the option, provided that such price is not less than:

- (i) 80% of the middle market quotation for a Share on the dealing day last preceding a period of five days ending with the date on which invitations to apply for such options were made; and
- (ii) the nominal value of a Share.

The U.K. Sharesave Scheme is subject to the following limits:

- (i) either (1) in any period of five years not more than 5% of the issued ordinary share capital of the Company may be placed under option or issued under the Company's employee share schemes; or (2) in any period of three years not more than 3% of the issued ordinary share capital of the Company may be placed under option or issued under the Company's employee share schemes; and
- (ii) the number of Shares which may be issued under the Company's employee share schemes in any ten-year period may not exceed 10% of the issued ordinary share capital of the Company.

An option granted under the U.K. Sharesave Scheme may not normally be exercised until the option holder has completed their savings contract—usually three years or five years from the date on which that contract was entered into. A five-year contract may be extended to seven years if the Board permits and if the option holder so elects on the date when the contract was concluded. An option holder has six months from the end of their contract to exercise the option.

Special provisions allow early exercise of options in the case of death, injury, disability, redundancy, or retirement, or because the company or business that employs the option holder is transferred out of Standard Chartered. An option holder's option will lapse if they cease employment for any other reason. There are also rights of early exercise in the event of a take-over, reconstruction or winding-up of the Company.

Where an option is exercised before completion of the savings contract, the exercise is limited to the total contributions made together with any interest due. In the event that another company acquires control of the Company, option holders also have the right, with the consent of the acquiring company, to release their options in consideration of the grant of new options over shares of the acquiring company.

On exercise of an option, the appropriate number of Shares will be allotted or transferred to the option holder. Any Shares allotted will rank *pari passu* with other Shares then in issue (except for any rights attaching to Shares by reference to a record date prior to the date of allotment).

In the event of any variation in the issued ordinary share capital of the Company, the Board may make such adjustments as it considers appropriate to the total number of Shares subject to any option and/or the option exercise price.

The Board may at any time alter or add to all or any of the provisions of the U.K. Sharesave Scheme in any respect (subject as provided below) provided that prior Inland Revenue approval is obtained. No alteration or addition to the provisions of the U.K. Sharesave Scheme shall be made to the advantage of participants (other than in relation to minor alterations or additions to benefit the administration of the U.K. Sharesave Scheme or an alteration or addition to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Group or any Related Company (being a company which is not under the control of any single person but is under the control of two persons, one of them being the Company)).

(B) The ISS

The ISS is designed to encourage wider share ownership across all levels of the organisation and is open to all Standard Chartered's employees worldwide via an annual invitation to participate.

All employees and full-time Directors of the Company's participating subsidiaries and branches outside the United Kingdom who are employed by Standard Chartered on:

- (i) the date on which invitations to participate in the ISS are issued, or
- (ii) on such earlier date during the period of five years ending with the grant of the options as the Board may determine,

are eligible to participate in the ISS. The Board may also nominate any other employees or Directors to participate in the ISS.

Under this Scheme, in relation to the grant of options on any date, the Board shall ensure that:-

- (i) every eligible individual has been given an invitation to apply for an option;
- (ii) every such invitation is given on the same date and specifies certain terms which the savings contract is required to contain; and
- (iii) every eligible individual who has applied for an option in the form and manner described by the Board, and who has proposed to make a savings contract in connection with the option in accordance with the rules of the Scheme (unless the Board determines that it is not necessary for any participant to make such a savings contract in accordance with the rules of this Scheme), is granted an option on that date.

Any eligible individual who applies for an option under the ISS must agree to make minimum regular monthly savings in local currency (at an exchange rate fixed at the outset) under a savings contract approved by the Board. Such savings contracts earn interest for the participant. The funds saved (plus interest) are used by the eligible employee to exercise an option. The number of Shares encompassed by an option will be calculated according to the proposed savings and an assumed rate of interest set by the Board (which will be equal to the interest rate or, as appropriate, the number of bonus contributions payable under the U.K. Sharesave Scheme).

However, where a "phantom option" (see below) is to be granted, the Board may determine that a participant need not enter into a savings contract, and in such a case:-

- (i) the number of notional shares comprised in the "phantom option" shall be calculated by reference to a deemed level of savings determined by the Board, provided that it shall not exceed the maximum level of actual savings which may be made under a savings contract;
- (ii) the Board shall determine the maturity date in relation to the notional savings; and
- (iii) the terms and conditions of the ISS shall apply to the "phantom option" as if the participant had made a savings contract in connection therewith.

The amount of monthly contributions under each savings contract shall be the amount which the participant has specified in his application for an option or, if lower, a maximum amount which:-

- (i) when aggregated with the amount of his monthly contributions under any other savings contract linked to any savings-related share option scheme adopted by the Company does not exceed £250 or such other maximum amount as may be permitted by the Inland Revenue for the purposes of an Inland Revenue approved Scheme (such as the U.K. Sharesave Scheme);
- (ii) does not exceed the maximum amount for the time being permitted under the terms of the saving contract; and
- (iii) when aggregated with the amount of his monthly contributions under any other savings contract linked to this Scheme, does not exceed any maximum amount as may from time to time be determined by the Board.

If a participant has entered into a savings contract but decides not to exercise an option granted to him, he is entitled to repayment of his monthly contributions under his savings contract (together with interest) upon maturity of the savings contract. Where, before an option has become capable of being exercised, the participant gives notice that he intends to stop paying monthly contributions under his savings contract relating to the option, or makes an application for repayment of the monthly contributions paid thereunder, the option may not be exercised at all, but the participant is entitled to repayment of his monthly contributions (together with interest if the termination of the savings contract is made after 12 months from its date of commencement).

Options to acquire Shares may normally only be granted in the six weeks beginning on the dealing day next following the date on which the Company announces its results for any period. Options may also be granted in circumstances considered by the Board to be exceptional.

No options may be granted under the ISS after 9th May, 2006. Options granted under the ISS are personal to the option holder and, except on their death, may not be transferred.

The Board will determine the price (which will be in Pound Sterling) payable for each Share under option before its grant, provided that such price is not less than:

- (i) 80% of the middle market quotation of a Share on the dealing day last preceding the period of five business days ending with the date on which invitations to apply for such options were made, and
- (ii) the nominal value of a Share.

The ISS is subject to the following limits:

- (i) in any period of five years not more than 5% of the issued ordinary share capital of the Company may be placed under option or issued under the ISS and under any of the Company's other employee share schemes; and

- (ii) in any period of 10 years not more than 10% of the issued ordinary share capital of the Company may be placed under option or issued under the ISS and under any of the Company's other employee share schemes.

An option granted under the ISS may not normally be exercised until the maturity date of the savings contract, which is usually three years or five years from the date the contract was entered into. In addition to savings made and interest earned, an option holder can make top-up contributions to take account of any adverse exchange rate movements or differences between the actual and assumed rate of interest applying to their savings contract. An option holder has six months from the end of the contract to exercise their option.

Special provisions allow early exercise of options in the case of death, injury, disability, redundancy or retirement, or because the company or business that employs the option holder is transferred out of Standard Chartered. An option holder's option will lapse if they cease employment for any other reason. There are also rights of early exercise in the event of a take-over, reconstruction or winding-up of the Company.

Where an option is exercised before completion of the savings contract, the exercise is limited to the total contributions made together with any interest due.

All Shares allotted under the ISS will rank *pari passu* with other Shares of the Company then in issue (except for any rights attaching to Shares by reference to a record date prior to the date of allotment).

In the event of any variation in the issued ordinary share capital of the Company, the Board may make such adjustments as it considers appropriate to the total number of Shares subject to any option and/or the exercise price under any option.

Following the exercise of an option, the Board may decide that, in lieu of a right to receive Shares, an option holder shall be paid a cash sum equivalent to the difference between the market value of the Shares at that time and the option exercise price. These are referred to as "phantom options".

The ISS contains provisions which allow "phantom options" to be granted to certain eligible participants. These provisions exist for the benefit of employees of subsidiaries of the Company who reside in countries which (1) restrict the owning of Shares in a foreign company, or (2) have exchange controls prohibiting the remittance of certain currencies. Where an option would be granted under the ISS to a participant in these countries, an option is granted to a trustee for the benefit of the participant. On exercise by the trustee, the participant will be paid an amount equal to the excess of the value of the Shares involved over the exercise price notionally payable by the participant.

The Board may at any time alter or add to all or any of the provisions of the ISS in any respect (subject as provided below) provided that prior Inland Revenue approval is obtained. No alteration or addition to the provisions of the ISS shall be made to the advantage of participants (other than in relation to minor alterations or additions to benefit the administration of the U.K. Sharesave Scheme or an alteration or addition to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the Group).

(C) The 1984 ESOS

The 1984 ESOS is a U.K. Inland Revenue approved scheme established in 1984. No option may be granted under the Scheme later than 10 years after the approval of the Scheme by the Company in general meeting and no grants have been made under the Scheme since March 1994.

Under the Scheme rules, the Directors may grant options to eligible employees. Eligible employees include any employee (including any executive director of any subsidiary) whether resident in the United Kingdom or abroad of any company within the Group whose contract of service requires him to work substantially the whole of his time, and in any event not less than in the case of Directors twenty five hours per week and in the case of non-directors twenty hours per week, for the Group and who is not excluded from participation.

Options to acquire shares may normally only be granted in the six weeks beginning on the dealing day next following the date on which the Company announces its results for any period. Options may also be granted in circumstances considered by the Board to be exceptional.

The subscription price was fixed by reference to the market value of Shares at the time of grant.

Options will not normally be exercisable before the third anniversary of the date of grant except in certain specified circumstances, including death, injury, disability, redundancy, retirement or the transfer of the company employing the option holder out of the Group. The option may be exercised at any time between the third and tenth anniversary of the date of grant.

Options may be exercised early in the event of a change of control, reconstruction or winding up of the Company.

(D) The No. 1 Executive Scheme

The No. 1 Executive Scheme is a U.K. Inland Revenue approved scheme established in 1994.

The Directors may select any Director or employee of the Company and its participating subsidiaries who is:

- (i) required to devote substantially the whole of their working time, and in any event at least 20 hours a week (25 hours in the case of a Director), to the service of Standard Chartered, and
- (ii) not within two years of their normal retirement date,

to participate in the No. 1 Executive Scheme.

Options to acquire Shares may normally only be granted in the six weeks beginning on the dealing day next following the date on which the Company announces its results for any period. Options may also be granted in circumstances considered by the Board to be exceptional.

No options may be granted under the No. 1 Executive Scheme after 5th May, 2004. Options granted under the No. 1 Executive Scheme are personal to the option holder and, except on their death, may not be transferred. No payment is required for the grant of the option.

The price at which a participant may acquire Shares in the Company will be determined by the Directors before the grant of the option, provided that it shall not be less than:

- (i) the middle market quotation of a Share as derived from the London Stock Exchange Daily Official List for the date of grant; and
- (ii) the nominal value of a Share.

The following limits currently apply to options granted under the No. 1 Executive Scheme:

- (i) In any ten year period, not more than 5% of the issued ordinary share capital of the Company for the time being may be granted under option or issued under the No. 1 Executive Scheme or under any other executive share option scheme adopted by the Company;
- (ii) in any five year period, not more than 5% of the issued ordinary share capital of the Company for the time being may be granted under option or issued under all of its employee share schemes of which not more than 3% may be placed under option or issued under the No. 1 Executive Scheme or under any other executive share option scheme adopted by the Company; or
- (iii) in any three year period, not more than 3% of the issued ordinary share capital of the Company for the time being may be awarded or issued under all of its Employee Share Schemes;
- (iv) the number of Shares which may be granted under option or issued under the No. 1 Executive Scheme and under any other executive share option scheme in any ten year period may not exceed 10% of the issued share capital of the Company;
- (v) the total subscription price payable for Shares under options granted in any ten year period to any option holder under the No. 1 Executive Scheme and any other executive share option scheme (other than the Supplemental Scheme and the 2000 Executive Scheme) may not exceed:
 - four times the total remuneration (expressed as an annual rate payable by Standard Chartered to the option holder) at that time, or
 - the total remuneration paid by Standard Chartered to the option holder in the previous 12 months,whichever is the higher; and
- (vi) the aggregate market value of Shares which may be acquired in pursuance of options granted under the No. 1 Executive Scheme and under any other U.K. Inland Revenue approved executive share option scheme adopted by the Company may not exceed £30,000.

An option may not normally be exercised unless the performance conditions attaching to its exercise have been satisfied. An option will not normally be exercisable before the third anniversary of the date of grant except in certain specified circumstances, including death, injury, disability, redundancy, retirement or the transfer of the company employing the option holder out of Standard Chartered. The option may be exercised at any time between the third and tenth anniversary of the date of grant.

Options may be exercised early in the event of a take-over, reconstruction or winding-up of the Company. In the event that another company acquires control of the Company, option holders also have a right, with the consent of the acquiring company, to release their options in consideration for the grant of new options over shares of the acquiring company.

Following the exercise of an option, the appropriate number of Shares will be allotted or transferred to the option holder concerned. Any Shares allotted will rank *pari passu* with other Shares then in issue (except for any rights attaching to Shares by reference to a record date prior to the date of allotment).

In the event of any increase or variation in the share capital of the Company (and subject to U.K. Inland Revenue approval), the Directors may make such adjustments as they consider appropriate to the number of Shares under option and the price at which they may be acquired.

(E) The No. 2 Executive Scheme

The terms of the No. 2 Executive Scheme are broadly similar to those of the No. 1 Executive Scheme except that:

- (i) it is not a U.K. Inland Revenue approved scheme;
- (ii) a person is eligible to be granted an option under the No. 2 Executive Scheme if they are a Director or employee of any member of Standard Chartered and is required to devote the whole or substantially the whole of their working time to the service of Standard Chartered;
- (iii) limit (e) for the No. 1 Executive Scheme does not apply to the No. 2 Scheme; and
- (iv) where an option is exercised under the No. 2 Executive Scheme, the Directors may, instead of issuing Shares, elect to pay cash to the option holder concerned. The amount to be paid shall be equal to the amount by which the market value of Shares subject to the option exceeds the exercise price.

(F) The 1995 Restricted Scheme

The Royal Bank of Scotland Trust Issuer (Jersey) Limited are the trustees of the Employee Share Ownership Plan Trust. Shares are held in a pool for the benefit of participants in the 1995 Restricted Scheme. The trustees can use their discretion to satisfy exercise of options under the 1995 Restricted Scheme.

All employees and full-time Directors of the Company and its participating subsidiaries are eligible to be granted a right to purchase shares in the Company by the trustees.

Options may normally only be granted in the six weeks beginning with the dealing day next following the date on which the Company announces its annual or half-yearly results. Options may also be granted in circumstances considered by the Board to be exceptional.

No options may be granted under the 1995 Restricted Scheme after 12th March, 2005.

The price payable for each Share under an option will be determined by the trustees before the grant of the option, which may be less than the market value of those Shares on the date on which the option was granted.

Under the 1995 Restricted Scheme, no person shall be granted an option which would, on the day of grant, cause the market value of Shares which he may acquire pursuant to the options granted under the 1995 Restricted Scheme to exceed four times the higher of (1) £100,000, or (2) the total remuneration (excluding benefits in kind) expressed as an annual rate payable by the Company or the relevant participating subsidiary to him at that time, or (3) the total remuneration (excluding benefits in kind) paid by the Company or the relevant participating subsidiary to him in the preceding 12 months.

If a participant dies before exercising an option granted to him, at a time when he is either a Director or employee of the Company or any of its participating subsidiaries, the option may be exercised by his personal representatives within 12 months after the date of his death.

An option granted under the 1995 Restricted Scheme may not be exercised after the expiration of the period of seven years from the date of grant.

In the event of a change in control, reconstruction or winding-up of the Company, the options may be exercised within one month of notification of the same to option holders by the Board.

In the event of any increase or variation of the share capital of the Company (whenever effected), the trustee may make such adjustments as they consider appropriate to one or more of the following:-

- (a) the number of Shares in respect of which any options granted under the scheme may be exercised;
- (b) the price at which Shares may be acquired by the exercise of any such option;
- (c) where any such option has been exercised but no Shares have been transferred pursuant thereto, the number of Shares which may be so transferred, and the price at which they may be purchased.

(G) The Supplemental Scheme

The Supplemental Scheme is not a U.K. Inland Revenue approved scheme.

The Board may select any Director or employee of the group to participate in the Supplemental Scheme who:

- (i) holds at least 10,000 Shares of the Company; and
- (ii) has not received an award under the Restricted Scheme in the same financial year.

Options to acquire Shares may normally only be granted in the six weeks beginning on the dealing day next following that date on which the Company announces its results for any period. Options may also be granted in circumstances considered by the Board to be exceptional.

No options may be granted under the Supplemental Scheme after 8th May, 2007. Options granted are personal to the option holder and, except on their death, may not be transferred. No payment is made for the grant of the option.

The price payable for each Share under an option will be determined by the Board before the grant of the option, provided that it shall not be less than the market value of Shares as derived from the London Stock Exchange Daily Official List on the grant date.

The Supplemental Scheme is subject to the following limits:

- (i) the number of Shares which may be placed under option or issued under the Supplemental Scheme, any other executive share option scheme adopted by the Company or the Restricted Scheme in any ten year period may not exceed such number of shares as represents 5% of the issued ordinary share capital of the Company;
- (ii) in the period of four years beginning on 8th May, 1997, not more than 2.5% of the issued ordinary share capital of the Company could be placed under option or issued under the Supplemental Scheme, any other executive share option scheme adopted by the Company or the Restricted Scheme;
- (iii) in the period of three years beginning in 1997, or any successive period of three years, not more than 3% of the issued ordinary share capital of the Company may be placed under option or issued under the Supplemental Scheme, any other executive share option scheme adopted by the Company or the Restricted Scheme;
- (iv) in the period of five years beginning in 1997, or any successive period of five years, not more than 5% of the issued ordinary share capital of the Company may be placed under option or issued under the Supplemental Scheme, any other executive share option scheme adopted by the Company or the Restricted Scheme;

- (v) the number of Shares which may be placed under option or issued under the Supplemental Scheme or any other employees share schemes adopted by the Company in any ten year period may not exceed 10% of the issued ordinary share capital of the Company from time to time;
- (vi) the total subscription price payable for Shares under options granted in any ten year period to any option holder under the Supplemental Scheme may not exceed four times the option holder's annual remuneration (excluding benefits in kind), although replacement options may be granted after earlier options have been exercised; and
- (vii) no single grant of options to any option holder under the Supplemental Scheme may exceed one and one half times the option holder's annual remuneration (excluding benefits in kind).

Supplemental options may only be exercised if the option holder has maintained a personal holding of 10,000 Shares in the Company since the grant date and the relevant performance conditions attaching to that option have been met. Following the satisfaction of the performance conditions, a supplemental option can be exercised at any time up to five years from the date of grant.

Partial exercise of a supplemental option will be allowed if the option holder ceases to be employed by reason of death, injury, disability, redundancy or retirement or because the company or business for which they work is transferred out of Standard Chartered provided that the performance targets are subsequently met. The number of Shares over which the option may be exercised in these circumstances will be reduced to such proportion of Shares comprised in the option as the period from the date of grant to the date of cessation of employment bears to the whole of the period from the date of grant to the date on which the performance conditions are satisfied. If an option holder ceases employment for any other reason, their option will normally lapse unless the Board decides otherwise.

In the event of a change in control, reconstruction or winding-up of the Company, the supplemental options may only be exercised if the performance conditions are satisfied.

In the event of an increase or variation in the share capital of the Company, the Board may make such adjustments as it considers to be appropriate to the number of shares under option and the price at which they may be acquired.

Where a supplemental option has been exercised, the Board may elect, instead of issuing Shares, to pay cash to the option holder. The amount to be paid shall be equal to the amount by which the market value of the Shares subject to the option at the date of exercise exceeds the exercise price.

(H) The 1997 Restricted Scheme

The Restricted Scheme is designed as a retention and motivation tool for a broader population of high performing and high potential staff.

The Restricted Scheme is not a U.K. Inland Revenue approved scheme.

Any employee (including an employee who is also a Director) of the Company or any participating subsidiary may participate in the Restricted Scheme.

An award can take the form either of an option to acquire Shares or a conditional right to receive Shares, but in either case is, in practice, a deferred right to receive Shares at no cost to the participant which, subject to continuing employment, vests as to 50% after two years and the remainder after three years.

The options are granted or Shares issued to (in the first instance) a trust (the trustee of which is the Royal Bank of Scotland Trust Company (Jersey) Limited) on behalf of the individuals. Participating subsidiaries of the Company would, to enable the trustee to exercise the options, pay the aggregate exercise price of the options to the trust. The trust will then transfer the Shares to the employees.

The exercise price payable by the trustee for the Shares shall not be less than the middle-market closing price of the Shares on the dealing date last preceding the date of grant of the option, provided that the Board has a discretion to use the average middle-market prices over 5 dealing days preceding the date of grant.

At the time of the grant of the option, the participating subsidiaries make a provision in respect of the exercise price payable to the trust upon exercise. Such payments to the trust made by participating subsidiaries of the Company are recorded as an increase in the "Other Assets" account of the relevant subsidiaries, and are recorded as an expense in the profit and loss account.

The value of Shares awarded under the Restricted Scheme in any financial year to any option holder will be subject to a maximum limit of two times the base salary of the option holder.

The price (if any) at which Shares may be acquired by individuals on the exercise of an option shall be determined by the Board before the grant thereof. (However, in practice (as described above), no exercise price is payable by employees upon the exercise of an option.)

Awards may normally only be granted during the six weeks following the announcement of the Company's results for any period. No award may be granted under the Restricted Scheme after 8th May, 2007. Awards granted under the Restricted Scheme are personal to the participant and, except in the event of their death, may not be transferred.

The Restricted Scheme is subject to the following limits:

- (i) the number of Shares which may be placed under award or option or issued under the Restricted Scheme or any other executive share option scheme adopted by the Company in any ten year period may not exceed such number of Shares as represents 5% of the issued ordinary share capital of the Company; and
- (ii) the number of Shares which may be placed under award or option or issued under the Restricted Scheme or any other employees share scheme adopted by the Company in any ten year period may not exceed 10% of the issued ordinary share capital of the Company from time to time.

An award can in normal circumstances be exercised in full after the third anniversary of the date of grant if the option holder remains employed by the Group. Where the award is exercised after the second anniversary (but before the third anniversary) of the date of grant, only one half of the award may be exercised at that time. However, early exercise is permitted in the event of death or cessation of employment through injury, disability, redundancy or retirement at normal retirement age, or because the company or business which employs the participant is transferred out of Standard Chartered (or, with the permission of the Board, any other circumstances). Special provisions also allow early exercise if there is a change in control, reconstruction or winding-up of the Company. Options granted to a participant shall lapse if such participant is adjudged bankrupt, or if he ceases to be eligible under the Restricted Scheme, save where early exercise is allowed as described above.

An option may not be exercised after the expiration of the period of seven years (or such lesser period as the Board may have determined before the grant thereof) beginning on the date of the grant of the option or conditional right.

In the event of any increase or variation in the share capital of the Company, the Board may make such adjustments as it considers appropriate to the number of Shares which may be acquired under awards.

Where an award has been exercised, the Board may elect, instead of issuing Shares, to pay cash to the award holder concerned. The amount to be paid shall be equal to the value of the Shares at the date of exercise.

The Board may at any time alter all or any of the provisions of the 1997 Restricted Scheme or the terms of any allocation made under it, in any respect, except that provisions in relation to, *inter alia*, the entitlement of each participant under the 1997 Restricted Scheme, the total number of securities which may be issued upon exercise of all options to be granted under the 1997 Restricted Scheme and the percentage of the issued share capital of the Company that it represents, and the provisions in relation to the variation of capital, must not be altered to the advantage of participants without prior approval by ordinary resolution of the shareholders of the Company (save for any minor alteration to benefit the administration of the 1997 Restricted Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, or any alteration solely relating to a term specified by the Board in making an allocation to any employee).

(I) **The 2000 Executive Scheme**

The 2000 Executive Scheme is designed as an intrinsic part of Standard Chartered's senior managers' total remuneration and aims to be internationally competitive and focus managers on the long term performance of Standard Chartered.

The Board may select any full-time executive Director or any employee of any member of the Group to participate in the 2000 Executive Scheme.

Within two years of the grant of options under the 2000 Executive Scheme, option holders will be required to acquire and continue to hold Shares in the Company worth one

times gross base salary. Lower multiples will apply for less senior executives. If the ownership guidelines are breached by an executive, all outstanding options which have been granted under the 2000 Executive Scheme will normally lapse and no further options will normally be granted, until the required ownership position is attained. These share ownership requirements may be increased by the Board in the future or, in exceptional circumstances, decreased or waived.

Options may normally be granted in the six weeks immediately following the announcement of the Company's financial results for any period. Options may also be granted at other times in circumstances which the Directors consider to be exceptional.

No options may be granted after 11th May, 2010. Options granted are personal to the options holder and, except on their death, may not be transferred. Eligible employees do not pay for the grant of an option.

Under the scheme an individual will be able to receive options over Shares worth up to six times gross base salary each year, subject to the Directors' discretion.

The price to be paid for each Share under an option will be set by the Board before the option is granted. However, it shall not be less than the average middle-market closing prices of the Shares quoted on the London Stock Exchange Daily Official List for the five dealing days immediately before the option is granted.

Options granted under the 2000 Executive Scheme may normally only be exercised if a performance condition is met. If the business performance target has not been achieved, then the performance period is extended, one financial year at a time, until either the target is met or the option lapses (which will occur five years after the grant date).

Eligible employees may normally exercise options granted under the 2000 Executive Scheme between three and ten years after the date of the grant but only if both the shareholding requirements and the relevant performance conditions for those options have been met.

If an option holder dies or leaves employment because of injury, disability or redundancy, or because the company or business for which they work is transferred out of the Group, then they or (in the event of their death) their personal representative, may exercise their options immediately, even if the performance condition has not been met. If an option holder retires at contractual retirement age, they may continue to hold their options but may only exercise them if the performance condition is met. However, in such circumstances, the number of Shares to which the individual is entitled will be reduced in proportion to the period from the date of grant to the date of retirement compared to the period from the date of grant to the date on which the relevant performance condition is met.

If there is a change of control, reconstruction or winding-up of the Company, executives may normally only exercise options under the 2000 Executive Scheme if the performance target has been met. However, in these circumstances, the Board has the discretion to allow the eligible employees to exercise their options (in whole or in part) if it considers this to be appropriate.

The 2000 Executive Scheme is subject to the following limits:

- (1) in any ten year period the number of Shares which may be placed under option or issued under the 2000 Executive Scheme, or any other Executive Scheme adopted by the Company, may not exceed 5% of the issued ordinary share capital of the Company from time to time; and
- (2) in any ten year period the number of Shares which may be placed under option or issued under the 2000 Executive Scheme or any other Employees' Share Scheme adopted by the Company may not exceed 10% of the issued share capital of the Company from time to time.

If there is a variation in the share capital of the Company or in the event of a demerger, capital dividend or other event similarly affecting options, the Board may make appropriate adjustments to the number of Shares under option and to the exercise price of those options.

The Board may choose to pay eligible employees in cash when they exercise their options instead of issuing Shares. The amount to be paid shall be equal to the amount by which the market value of the Shares under option at the time of the exercise exceeds the exercise price.

The Board may at any time alter all or any of the provisions of the 2000 Executive Scheme, or the terms of any option granted under it (having regard to the fact that, if an alteration which does not solely relate to a special term is made at the time when the 2000 Executive Scheme is approved by the Inland Revenue, the approval will not have effect afterwards unless the Inland Revenue has approved the alteration), except that provisions in relation to, *inter alia*, eligibility, the price at which shares may be acquired by the exercise of options, rights in the event of a takeover, reconstruction and winding up of the Company and the variation of capital must not be altered to the advantage of participants without prior approval by ordinary resolution of shareholders of the Company (save for any minor alterations to benefit the administration of the 2000 Executive Scheme, to take account of the change in legislation or to obtain or implementing favourable tax, exchange control or regulatory treatment for participants, or any alteration solely relating to a term specified by the Board in making an allocation to any employee).

(J) Performance Share Plan

The Performance Share Plan is designed as an intrinsic part of Standard Chartered's most senior executives' total remuneration, applying to executive Directors and senior executives. It is an internationally competitive long-term incentive designed to focus executives on delivering the long term performance of Standard Chartered.

The Performance Share Plan was adopted on 3rd May, 2001. The Performance Share Plan will operate with the Standard Chartered Employee Share Ownership Plan Trust (the "ESOP").

The Board may invite any executive Director or any employee of the Company or any of its subsidiaries to participate.

An award can take the form either of an option to acquire Shares or a conditional right to receive Shares, but in either case is, in practice, effectively a deferred right to acquire a maximum number of Shares at no cost to the participant. Awards will normally be made during the six weeks following the announcement by the Company of its results for any period (and at other times in exceptional circumstances). No awards may be made after 3rd May, 2011. Awards are personal to the participant and, except on the death of a participant, may not be transferred.

The Board will set appropriate performance conditions each time that awards are made under the Performance Share Plan.

Participants may normally exercise their awards between three and ten years after the date of grant but only to the extent that the performance conditions have been met. An option may not be exercised after the expiration of a period of 10 years (or such lesser period as the Board may have determined before the grant thereof) beginning with the date of allocation of the option or a conditional right.

Participants will be required to build up a shareholding in the Company before they can exercise their awards. This will be based on a multiple of salary and will be in addition to any shareholding requirement for the 2000 Executive Scheme.

The price (if any) at which shares may be acquired by the exercise of an option shall be determined by the Board before the grant thereof. (However, in practice (as described below), no exercise price is payable by employees upon the exercise of an option.)

The options are granted or Shares issued to (in the first instance) a trust (the trustee of which is the Royal Bank of Scotland Trust Company (Jersey) Limited) on behalf of the individuals. Participating subsidiaries of the Company would, to enable the trustee to exercise the options, pay the aggregate exercise price of the options to the trust. The trust will then transfer the Shares to the employees.

The exercise price payable by the trustee for the Shares shall not be less than the middle-market closing price of the Shares on the dealing date last preceding the date of grant of the option, provided that the Board has a discretion to use the average middle-market prices over 5 dealing days preceding the date of grant.

Such payments to the trust made by participating subsidiaries of the Company are recorded as an increase in the "Other Assets" account of the relevant subsidiaries, and are recorded as an expense in the profit and loss account.

Normally the participant must remain employed by Standard Chartered to receive their Shares. However, if their employment ceases in certain circumstances, such as ill-health, injury, disability, retirement at normal contractual retirement age, redundancy, the sale of the relevant subsidiary company or the transfer of the business in which the participant is employed, they may only receive their Shares to the extent that the performance conditions are met and will normally receive only a time apportioned number of Shares.

If a participant dies, their personal representative may receive a time apportioned number of Shares and the performance conditions may be waived at the discretion of the Board.

The ESOP may subscribe for or purchase Shares for the Performance Share Plan. The Board does not intend to issue Shares to the ESOP at a price less than the middle market quotation for a Share on the dealing day (or the average on up to five dealing days) before they are issued or if an option is granted to the ESOP to subscribe for Shares, the dealing day (or the average on up to five dealing days) before the grant of the option. In addition, the following limits apply to the Performance Share Plan:

- (a) in any ten year period, the number of Shares which may be issued or be placed under option under the Performance Share Plan and any discretionary share option scheme established by the Company may not exceed 5% of the issued share capital of the Company from time to time; and
- (b) in any ten year period, the number of Shares which may be issued or be placed under option under the Performance Share Plan and any employees' share scheme established by the Company may not exceed 10% of the issued share capital of the Company from time to time.

The value of Shares awarded under the Performance Share Plan in any financial year to any individual may not exceed 100% of their annual salary (excluding benefits in kind), or such lesser percentage as may be set for any individual or class of participants.

If there is a change of control, scheme of reconstruction or amalgamation or winding-up of the Company, participants may receive their Shares subject to the consent of the Board, taking account of the extent to which the performance conditions have been satisfied at that time and any other relevant criteria.

If the share capital of the Company is increased or varied, the Board may adjust the number of Shares which a participant may acquire and the performance conditions to which an award is subject.

The Board may at any time alter all or any of the provisions of the Performance Share Plan, or the terms of any allocation made under it, in any respect, except that provisions in relation to, *inter alia*, the entitlement of each participant under the Performance Share Plan, the total number of securities which may be issued upon exercise of all options to be granted under the Performance Share Plan and the percentage of the issued share capital of the Company that it represents, provisions in relation to the exercise of the options and provisions in relation to the variation of capital must not be altered to the advantage of participants without prior approval by ordinary resolution of the shareholders of the Company (save for any minor alteration to benefit the administration of the Performance Share Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or to any alteration solely relating to a performance condition).

Analysis of Options granted under the Employee Share Schemes at 31st August, 2002

The following table sets out details relating to outstanding options granted under the Employee Share Schemes as at 31st August, 2002.

<u>Scheme</u>	<u>Percentage of Shares under options granted under each Scheme to the existing issued share capital of the Company</u>	<u>Total number of employees who have been granted options under each Scheme</u>	<u>Total number of Shares under outstanding options granted under each Scheme</u>
The U.K. Sharesave Scheme	0.1%	987	1,474,943
The ISS Sharesave Scheme	0.4%	5,592	4,908,384
The 1984 ESOS ⁽¹⁾	0.03%	19	303,400
The No.1 Executive Share Option Scheme ⁽²⁾	0.04%	144	403,530
The No.2 Executive Share Option Scheme ⁽²⁾	0.5%	1,022	5,824,986
The 1995 Restricted Share Scheme ⁽²⁾	0.003%	3	33,463
The Supplemental Option Scheme ⁽²⁾	0.2%	30	2,408,853
The 1997 Restricted Scheme	0.4%	2,185	5,074,228
The 2000 Executive Scheme	1.9%	318	21,434,485
The Performance Share Plan	0.1%	43	1,621,832

Note:

- (1) This scheme has already expired and no further options will be granted thereunder. However, there are still outstanding options which may be exercised by option holders.
- (2) Please note that these Schemes have been replaced by the 1997 Restricted Scheme and the 2000 Executive Scheme. Therefore, although the life of these Schemes have not yet expired, options are no longer granted under these Schemes.
- (3) The SFC has granted the Company a waiver from strict compliance with the requirements of paragraph 10 of Part II of the Third Schedule to the Companies Ordinance.

Present status of the Employee Share Schemes

As at 31st August, 2002:

- (A) there were outstanding options over 30,375,254 Shares in respect of the Executive Schemes. These options are exercisable at dates between 31st August, 2002 and 20th May, 2012 at subscription prices between 175.375p and 902p;
- (B) there were outstanding options over 6,383,327 Shares in respect of the Sharesave Schemes. These options are exercisable at dates between 31st August, 2002 and 30th April, 2007 at subscription prices between 304p and 723p;

- (C) there were allocations outstanding over 5,074,228 Shares in respect of the Restricted Schemes. These allocations are exercisable at dates up until 2009; and
- (D) there were outstanding options over 1,621,832 Shares in respect of the Performance Share Plan. These options are exercisable at dates up until 2012.

As at 31st August, 2002, there were, in aggregate, options and allocations outstanding over 43,454,641 Shares, which represented approximately 3.8% of the issued share capital as at 31st August, 2002.

The Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Chapter 17 of the Hong Kong Listing Rules. Under the waiver:

- (i) the total number of Shares subject to the Employee Share Schemes and any other share option schemes of the Company may not exceed 10% of the Company's issued share capital from time to time;
- (ii) the exercise price for options granted under the Sharesave Schemes may continue to be determined in accordance with the rules of the Sharesave Schemes;
- (iii) the exercise price of options granted under the Executive Schemes or the Restricted Schemes must be at least the higher of (a) the average of the middle-market quotation of Shares on the daily Official List for each of the five dealing days immediately before the date of grant and (b) the middle market quotation of Shares on the Official List on the dealing day immediately before the date of grant;
- (iv) in addition to the restrictions on the time of grant of options contained in Hong Kong Listing Rule 17.05, a grant of options may not be made on the date of announcement of price sensitive information or interim or annual results; and
- (v) the Directors may continue to exercise certain limited discretions given to them under the Executive Schemes and the Restricted Schemes in favour of participants (other than Directors) to vary the rules of these Schemes and/or the terms of any option where, in the Directors' bona fide judgments, it is necessary to do so to avoid injustice or hardship or otherwise in the interest of the Company (subject to certain conditions including that the Directors' exercise of discretion must be opined upon by independent non-executive Directors in each specific case, that the Directors may only exercise their discretion regarding the exercise period (which must not extend beyond the maximum stated in the relevant Scheme documents), the minimum period during which an option must be held, automatic lapse and transferability, and that disclosure of particulars of the exercise of the Directors' discretion is made in the Company's annual report).

The Company will not be required to change the rules of any of the Schemes provided that it operates the Schemes in accordance with Chapter 17 of the Hong Kong Listing Rules (subject to the specific waivers granted above).

7. OTHER INFORMATION**(A) Litigation**

No member of the Group is involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known by the Directors to be pending or threatened against any member of the Group.

(B) Sponsors

Goldman Sachs, the Global Coordinator as Sponsor, and Cazenove, as Co-Sponsor, have made an application on the Company's behalf to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

(C) Qualification of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

<u>Name</u>	<u>Country</u>	<u>Qualification</u>
KPMG Audit Plc	United Kingdom	Chartered accountants
KPMG	Hong Kong	Certified public accountants
Jones Lang LaSalle Limited	Hong Kong	International Property Consultants
Cluttons	Bahrain	Chartered Surveyors and Property Consultants
Insignia Brooke (India) Pvt. Ltd.	India	Valuers, Property Managers and Development Consultants
Jones Lang LaSalle Limited	Thailand	International Property Consultants
R. Propiedades S.A.C. (trading as Colliers International Peru)	Peru	International Property Consultants
Dron & Wright	United Kingdom	Property Consultants

(D) Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

(E) Promoter

The Company has no promoter.

(F) Miscellaneous

(a) Save as disclosed in this prospectus:

- (i) within the two years preceding the date of this prospectus, the Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

- (ii) no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) neither the Company nor any of its subsidiaries has or issued nor agreed to issue any founder shares, management shares or deferred shares.

(G) Consents

KPMG Audit Plc and KPMG, as auditors and reporting accountants, and Jones Lang LaSalle Limited, Cluttons, Insignia Brooke (India) Pvt. Ltd., R. Propiedades S.A.C. (trading as Colliers International Peru) and Dron & Wright, as property valuers, have given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their report and/or the references to their names included herein in the form and context in which they are included.