

THE BELOW INFORMATION IS APPLICABLE TO CUSTOMERS WITH HSBC SHARE HOLDINGS IN INVESTMENT/SECURITIES ACCOUNT WITH HSBC HONG KONG.

FOR NON-HSBC INVESTMENT/SECURITIES ACCOUNT CUSTOMERS IN HONG KONG, PLEASE CONTACT YOUR RESPECTIVE BROKERS, BANKS OR CONTACT COMPUTERSHARE HOTLINE AT 2862 8699 FOR DETAILED ARRANGMENTS ON HSBC RIGHTS ISSUE.

A. GENERAL INFORMATION ON HSBC'S RIGHTS :

1. What is HSBC's 5 for 12 rights issue about?

This 5 for 12 rights issue means an HSBC shareholder will be entitled to buy 5 new HSBC ordinary shares for every 12 HSBC ordinary shares held, at a subscription price of HK\$28 per share.

The entitlement to new shares will be determined by the shareholding of each shareholder (i.e. already settled shares) as at 4.30 pm on 13 March 2009. The Bank will send an Election Advice Letter to eligible customer shareholders from 14 March 2009, stating the total no. of new HSBC shares the shareholder is entitled to.

Customer shareholders who wish to exercise their nil-paid rights must either

- (i) complete the Instruction Letter enclosed with the Election Advice Letter and post it back and ensure it reached the Bank no later than 17:00 on 30 Mar 09,
or
- (ii) submit instruction to the Bank through HSBC Personal Internet Banking on or before 17:00 on 31 Mar 2009 (HK time)

In the event that customer shareholders do not receive an Election Advice Letter from the Bank, but are eligible for new shares under the rights issue, please approach any HSBC branch for assistance as soon as possible prior to 30 March 09.

For details of the rights issue, please refer to the prospectus made available by HKEx:

<http://www.hkexnews.hk/listedco/listconews/sehk/20090317/LTN20090317471.pdf>

2. What are the key dates and timetable of the right issue for HSBC customer shareholders?

11 Mar – Last day to purchase HSBC ordinary shares with rights entitlement

12 Mar – Ex-rights day – No rights entitlement for any purchase of HSBC ordinary shares on or after this date

13 Mar – Record Date for entitlement of rights

20 Mar evening – Deposit rights into customer shareholders' securities/investment account

23 – 31 Mar – **Rights can be traded on the Hong Kong Stock Exchange**

30 Mar 17:00 – Last day for submission of the original Instruction Letter to reach the Bank

31 Mar 17:00 – Last day for submission of instruction via HSBC Personal Internet Banking

31 Mar 23:59 – Customer shareholders must have sufficient available funds in their default settlement account for exercising the rights by 23:59 on 31 Mar 09.

By 9 Apr – Deposit new HSBC ordinary shares into customer shareholders' securities/investment accounts

B. RIGHTS ENTITLEMENT:

3. I am an HSBC shareholder. How many new shares am I entitled to?

The number of shares you are entitled to will be determined by your HSBC shareholding in your securities/investment account at 4.30 pm on **13 Mar 09**. This 5 for 12 rights issue means an existing HSBC shareholder will be entitled to buy 5 new HSBC ordinary shares for every 12 HSBC ordinary shares currently held. Entitlements to new HSBC ordinary shares will be rounded down to the nearest whole number.

Example 1

If you have 1200 HSBC shares, the number of new shares you are entitled to receive is 500.

Formula: $1200 \text{ shares} / 12 * 5 = 500 \text{ shares}$.

Example 2

If you have 541 HSBC shares, the number of shares you are entitled to receive is 225.

Formula: $541 \text{ shares} / 12 * 5 = 225.4 \text{ shares}$. In this case, the number of shares to be received will be rounded down to 225.

4. I hold HSBC shares in my HSBC investment account. Will HSBC inform me about the rights issue and my entitlement?

Yes, an Election Advice Letter will be sent to all eligible HSBC customer shareholders by post from 14 March. Your entitlement to new HSBC ordinary shares will be calculated based on your HSBC shareholding as at 16:30 on 13 March. This entitlement will be printed on the Election Advice Letter. An Instruction Letter, with detailed instructions will also be enclosed with the Election Advice Letter for your action. For details on the required actions, please refer to section C “Actions to be taken by customer shareholders”.

If rights are exercised, the Bank will send you a Debit Advice and Payment of Shares Advice to confirm the amount debited and shares deposited for future reference.

Election Advice Letter mailing schedule:

- 1) Election Advice Letter – from 14 March 2009
- 2) Debit Advice – Starting from 1 April 2009
- 3) Payment of Shares Advice - 9 April 2009

For further enquires, HSBC customer shareholders can visit any of our branches,

Non-HSBC customers should direct enquiries regarding the exercise of their rights under the rights issue to their brokers or banks with whom their HSBC shares are deposited. Physical scrip with self name holders should call the Computershare Hong Kong shareholder helpline at 2862 8699.

5. How much do I need to pay to exercise my full entitlement to the rights issue shares if I hold 400 HSBC ordinary shares (ie 1 board lot)?

If you hold 400 HSBC ordinary shares, you will be entitled to 166 new HSBC ordinary shares. To exercise your full rights, you will need to pay HKD \$4,648 (ie 166 shares at \$28 per share).

A handling charge of \$5 per board lot, min \$30, max \$200 will be charged upon depositing of new ordinary shares into your account.

6. What is the record date of my shareholding eligible for the right issue?

16:30 on 13 March 2009 is the record date for determining your rights issue entitlement based on the HSBC shareholdings you have at that time.

7. When will the rights be deposited into my investment account?

The rights are expected to be deposited into your account on 20 March 2009 evening . Stock code of the Rights is 02997.

8. When is the last day for purchasing HSBC shares still with the rights entitlement?

You can purchase HSBC shares on or before 11 March 2009 as long as such holdings are maintained and available in your securities/investment account after market close on 11 March 2009.

9. When is the first day to sell HSBC shares and still be entitled to the rights?

You can sell your HSBC shares on or after 12 March (ex-rights day). You will not be entitled to any rights for shares sold before 12 March.

10. I have been purchasing HSBC shares through Stocks Monthly Investment Plan (“SMIP”). Will I be entitled to this rights issue?

Yes, you are entitled to this rights issue. Your entitlement to new HSBC ordinary shares will be calculated based on the numbers of HSBC ordinary shares denoted in your securities/investment account as at 13 March 2009.

C. ACTIONS TO BE TAKEN BY CUSTOMER SHAREHOLDERS:

11. What do I have to do with the allotted rights?

You can decide whether or not to exercise the allotted rights.

1) Exercise the rights allotted to you

Indicate how many rights you wish to exercise (can be exercised in full or in part) and submit exercise instructions to the Bank via :-

- i) HSBC Personal Internet Banking on or before 17:00 on 31 Mar 2009, or
- ii) completing the Instructions Letter enclosed with the Election Advice Letter and ensure it reached the Bank no later than 17:00 on 30 March 2009 by:-
 - a) post (a return envelop will be enclosed with the Election Advice Letter)
or;
 - b) visiting any of our branches to submit in person

In case you do not receive an Election Advice Letter from us but wish to exercise your rights, please visit any HSBC branch before 30 March 09 for assistance.

2) Sell the rights in the stock market

If you decide not to exercise the rights allotted to you, you have an option to sell them in the stock market during the trading period from 23 March 2009 to 31 March 2009. Standard brokerage fees and government levies for stock trading apply.

3) Do nothing

The rights offer will lapse at 4pm on 3 April 2009 and may become valueless. Your lapsed rights may be sold to other people and any net proceeds of the sale will be paid to you (provided the amount exceeds £5.00/HK\$55)

12. When is the deadline for returning the Instruction Letter ?

The Instruction Letter must be received by the Bank no later than 17:00 on 30 March 2009 or submit instruction to the Bank via HSBC Personal Internet Banking no later than 17:00 on 31 Mar 2009.

13. What account can I use to pay the settlement amount on exercise of my rights under the rights issue?

The default settlement account of the investment account (as printed in the attached reply form of the Election advice sent from 14 Mar 09) will be used to pay for the shares subscribed under the rights issue. Customer shareholders cannot specify another account.

14. When do I need to deposit sufficient funds into my default settlement account for purchasing new shares?

Customers must ensure sufficient available funds are deposited into the default settlement account (account number printed on the attached reply form of election advice sent from 14 Mar 09 to customers) by 23:59 on 31 March 2009.

15. If I purchase more rights on the market, what action should I take?

You should proactively obtain an election form from the Bank and give your exercise instruction to the Bank.

16. Can I amend or cancel the Instruction Letter once submitted to the Bank?

Due to the tight deadline, amendment and cancellation will not be accepted once the Instruction Letter is submitted.

17. The official deadline for exercising rights is 3 April 2009. Why do I need to submit my instruction to HSBC by 30 March 2009?

The official deadline of 3 April 2009 is for those holding shares directly (e.g., brokers and financial institutions) who will submit their instructions to the Registrar. Your shares are held by the Bank on your behalf. Since the Bank needs to process your application before submitting it on your behalf to the Registrar, we need to set an earlier cutoff time for processing and other operational arrangements.

D. BANK CHARGES & OTHER ISSUES:

18. What are the Bank charges for take-up of rights?

A handling charge of HKD5 per board lot (min HKD30, max HK\$200) will be charged upon depositing the new Ordinary shares into your account.

19. What are the charges for buying and selling the new shares?

The local securities services tariff will apply. Standard brokerage fee and deposit transaction charges (for purchase orders only) will be charged by the Bank. For information, the lot size of the HSBC rights is 400.

Also, government levies and charges, such as SFC transaction levy, HKEx trading fee and stamp duty, will be applied.

For more details on the local securities services tariff, please refer to the HSBC's Local Securities Services product factsheet or visit our website. http://www.hsbc.com.hk/1/2/hk/investments/stocks/detail#local_charges

20. What are the key information and dates of the HSBC dividend payment for 2008?

Final Dividend	US\$0.10 cents per share
Options available	In scrip form or cash dividend
Ex dividend date	18 March, 2009
Book close and record date	20 March, 2009
Payable date	6 May, 2009

21. Are those new HSBC ordinary shares entitled for the fourth interim dividend of 2008?

As the record date for this dividend is 20Mar2009, the new HSBC ordinary shares, when issued on 9Apr2009, will not rank for this dividend.