

The following text is extracted from an announcement made today by Hang Seng Bank, a 62.14 per cent owned subsidiary of the HSBC Group.

22 June 2010

HANG SENG BANK NEW MANAGEMENT SERVICES AGREEMENT AND NEW INVESTMENT MANAGEMENT AGREEMENT

New Management Services Agreement

On 22 June 2010, a New Management Services Agreement was entered into between HSBC Life (International) Limited (“INHK”), an indirect wholly owned subsidiary of HSBC Holdings plc, and Hang Seng Insurance Company Limited (‘HSIC’), a wholly owned subsidiary of Hang Seng Bank Limited, setting out the terms upon which INHK, directly or through one or more of its affiliates, will provide certain management services to HSIC for a term of three years, commencing from 22 June 2010 after expiry of the previous Management Services Agreement between the same parties on 21 June 2010.

An annual cap will be set in respect of the maximum amount payable under the New Management Services Agreement. The proposed annual cap for the amount of fees payable to INHK under the New Management Services Agreement will be HK\$68 million for the period from 22 June to 31 December 2010, HK\$161 million for the year ending 31 December 2011, HK\$169 million for the year ending 31 December 2012, and HK\$97 million for the period from 1 January to 21 June 2013.

New Investment Management Agreement

On 22 June 2010, a New Investment Management Agreement was entered into between HSIC and HSBC Global Asset Management (Hong Kong) Limited (‘ISHK’) (formerly known as HSBC Investments (Hong Kong) Limited) setting out the terms upon which ISHK will act as investment manager in respect of certain of HSIC’s assets held from time to time.

Hang Seng Bank: New Management Services and Investment Management Agreements/2

ISHK will provide investment management services to HSIC for a term of three years commencing from 22 June 2010, after expiry of the previous Investment Management Agreement between the same parties on 21 June 2010. HSIC will pay, on a quarterly basis, to ISHK a fee of between 0.17 per cent and 0.375 per cent per annum of the mean value of the assets under management, which is equal to the fee payable under the previous Investment Management Agreement and has been determined on an arm's length basis.

An annual cap will be set in respect of the maximum amount payable under the New Investment Management Agreement. The proposed cap will be HK\$35 million for the period from 22 June to 31 December 2010, HK\$71 million for the year ending 31 December 2011, HK\$74 million for the year ending 31 December 2012 and HK\$39 million for the period from 1 January to 21 June 2013.

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Notes to Editors:

1. Hang Seng Bank

Founded in 1933, Hang Seng Bank operates over 220 service outlets, of which 104 are branches serving both personal and business customers. The Bank also maintains a branch in Shenzhen for foreign currency wholesale business, branches in Macau and Singapore, and representative offices in Xiamen and Taipei.

Established on 28 May 2007, wholly owned subsidiary Hang Seng Bank (China) Limited operates a mainland China network of 38 outlets in Beijing, Shanghai, Guangzhou, Shenzhen, Dongguan, Fuzhou, Nanjing, Hangzhou, Ningbo, Tianjin, Kunming, Foshan and Zhongshan.

With consolidated assets of HK\$826 billion as at end of 2009, Hang Seng Bank reported a profit attributable to shareholders of HK\$13,221 million for 2009. Hang Seng Bank is a principal member of the HSBC Group, one of the world's largest banking and financial services organisations. For further information on Hang Seng Bank, please visit the bank's website at www.hangseng.com.

2. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,000 offices in 88 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,364 billion at 31 December 2009, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

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