

For holders of shares or American Depositary Shares (ADSs) resident in Canada, Indonesia, Japan, Mexico, Saudi Arabia, South Korea, Switzerland, Turkey and the United Arab Emirates (together, the “Excluded Territories”)

Summary

All holders of shares or ADSs who are resident in the Excluded Territories have an entitlement to new ordinary shares or ADSs under the terms of the Rights Issue. Due to local legal restrictions, however, certain shareholders and ADS holders have not been offered the opportunity to actually acquire shares or ADSs (as applicable). Instead, shareholders and ADS holders in Excluded Territories will receive a payment representing the difference (if any) between the proceeds of sale of the shares they would have otherwise have been entitled to acquire (less sale expenses) and the rights issue price of 254 pence per share.

It should be noted that the making of the offer pursuant to the Rights Issue to persons or residents in, or who are citizens of, or who have a registered address in countries outside the United Kingdom, Hong Kong or Bermuda may be affected by the laws or regulatory requirements of the relevant jurisdiction. Any shareholder or ADS holder who is in any doubt as to his/her position should consult an appropriate professional adviser without delay.

Introduction

On 2 March 2009, HSBC Holdings plc (“HSBC”) announced that it was raising approximately US\$17.7 billion (net of expenses) through an underwritten pre-emptive share offer to its shareholders, known as a “Rights Issue”. Under the terms of the Rights Issue, HSBC is offering new shares to all qualifying shareholders on the basis of 5 new ordinary shares for every 12 existing ordinary shares. Further details are set out in the full circular to shareholders dated 3 March 2009 which can be found by visiting HSBC’s website.

The questions and answers below seek to clarify the position of shareholders and ADS holders in the Excluded Territories namely Canada, Indonesia, Japan, Mexico, Saudi Arabia, South Korea, Switzerland, Turkey and the United Arab Emirates, under the Rights Issue. The answers set out below are intended as a general guide only and any shareholder or ADS holder who is in any doubt as to his/her position should consult his/her professional adviser without delay.

Q1: I am a shareholder and/or an ADS holder resident in one of the Excluded Territories and I am named on the share and/or ADS register of HSBC. What is my position under the Rights Issue?

All holders of shares or ADSs in HSBC that are named on the share or ADS register (as applicable) of HSBC with an address in an Excluded Territory have an entitlement to shares and/or ADSs under the terms of the Rights Issue. Registered shareholders and ADS holders in Excluded Territories have not, however, been offered the opportunity to acquire these shares or ADSs (as applicable).

Instead, the shares which they would otherwise have been entitled to acquire under the Rights Issue will (if possible) be sold in the market on their behalf at the end of the Rights Issue period, which closes on 3 April 2009. No action is necessary from you as a holder of shares or ADSs to facilitate this sale as this will happen automatically.

Holders of shares and/or ADSs will then receive a payment representing the difference (if any) between the proceeds of sale of their shares that they would otherwise have been entitled to acquire under the Rights Issue (less sale expenses) and the rights issue price of 254 pence per share.

For example, if a shareholder owns 120 existing shares then, under the terms of the Rights Issue, that shareholder has an entitlement to 50 new shares at a cost of 254 pence per share. If that shareholder is resident in an Excluded Territory, the 50 new shares which they are entitled to acquire will not be offered to them but will (if possible) be sold after the end of the Rights Issue Period. If the 50 shares are sold for 350 pence per share after deduction of sale expenses then the shareholder will receive a cash payment of 96 pence per share, representing the difference between the proceeds of sale of the shares of 350 pence and the rights issue price of 254 pence per share. The shareholder in this example will receive £48 in total.

If the payment to any holder of shares and/or ADSs would be less than £5.00, no payment will be made. Payment will, if made, be by way of a cheque or, if holders of shares or ADSs hold through the settlement systems CREST or CCASS, HSBC may procure that payment be made through CREST or CCASS.

Q2: I am a shareholder and/or an ADS holder resident in one of the Excluded Territories but my shares and/or ADSs (as applicable) are held in a share/ADS account in the name of a custodian or nominee. What is my position under the Rights Issue?

The position is the same as set out under Q1 above, save that the custodian/nominee will account to you for the proceeds of sale in accordance with the arrangements between the custodian and you as underlying shareholder.

If you are in any doubt as to your position we recommend that you contact your custodian or nominee directly, who may wish to contact Computershare for information on 0870 702 0137 (from within the United Kingdom) or on +44 870 702 0137 (from outside the UK).

Q3: Why were certain countries not offered the opportunity to acquire shares or ADSs under the Rights Issue?

Prior to announcing the Rights Issue, the Company made enquiries regarding the legal and regulatory restrictions that applied in relevant jurisdictions and obtained advice from legal advisers in the excluded territories that either (i) certain documents had to be registered or filed with, or were subject to approval by, relevant authorities in these jurisdictions, or (ii) the Company or holders of shares or ADSs would need to take additional steps to comply with the local legal and regulatory requirements if the rights issue were extended to the holders of shares or ADSs in those jurisdictions.

Having considered the circumstances, the Directors formed the view that, other than subject to certain limited exceptions, it was necessary or expedient to restrict the ability of holders in the Excluded Territories to acquire shares and ADSs under the Rights Issue due to the time and costs involved in the registration of the documents and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.