

ADDITIONAL INFORMATION

The code for securities transactions by Directors

In relation to securities transactions by Directors, the Bank has revised its code of conduct and has since 31 March 2004 adopted in it terms no less exacting than the required standard set out in the model code for securities transactions by directors of listed issuers (ie Appendix 10 of the Hong Kong Main Board Listing Rules) as then in force.

Directors' compliance with the code for securities transactions by Directors

Specific enquiry has been made of all Directors (including those who have ceased to be Directors or the one who has become a Director during the first half of 2004) who have confirmed that they complied with the required standard set out in the model code for securities transactions by directors of listed issuers (ie Appendix 10 of the Hong Kong Main Board Listing Rules) and the Bank's code of conduct regarding securities transactions by Directors (both as in force at the material times) at the applicable times for the period from 1 January 2004 to 30 June 2004 (both dates inclusive).

Directors' interests

As at 30 June 2004 the interests of the Directors in the shares, underlying shares of equity derivatives and debentures of the Bank and its associated corporations (all within the meaning of Part XV of the Securities and Futures Ordinance "SFO") disclosed in accordance with the Listing Rules were detailed below.

	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)	Other Interests	Total Interests	Total Interests as % of the relevant issued share capital
Number of Ordinary Shares of HK\$5 each in the Bank						
Mr D G Eldon	300	–	–	–	300	0.00
Mr John C C Chan	–	–	–	1,000 ⁽¹⁾	1,000	0.00
Mr Roger K H Luk	1,983	2,500	–	–	4,483	0.00
Mr W K Mok	1,625	–	–	–	1,625	0.00
Number of Ordinary Shares of US\$0.50 each in HSBC Holdings plc						
Mr D G Eldon	97,173 ⁽²⁾	926	–	335,587 ⁽⁵⁾	433,686	0.00
Mr Vincent H C Cheng	36,381	76,134	–	191,410 ⁽⁵⁾	303,925	0.00
Mr John C C Chan	14,283	–	–	3,000 ⁽¹⁾	17,283	0.00
Mr S J Glass	273	8,383	–	66,294 ⁽⁵⁾	74,950	0.00
Mr Jenkin Hui	9,562	24,342	1,059,475 ⁽³⁾	–	1,093,379	0.01
Dr the Hon Eric K C Li	–	18,132	79,622 ⁽⁴⁾	–	97,754	0.00
Mr Roger K H Luk	74,465	3,264	–	62,198 ⁽⁵⁾	139,927	0.00
Mr W K Mok	15,531	–	–	62,835 ⁽⁵⁾	78,366	0.00
Mr Raymond C F Or	87,633	33,259	–	163,463 ⁽⁵⁾	284,355	0.00

Notes:

- (1) 1,000 shares in the Bank and 3,000 shares in HSBC Holdings plc were held by a trust of which Mr and Mrs John C C Chan were beneficiaries.
- (2) These shares are jointly held by Mr and Mrs D G Eldon.
- (3) Mr Jenkin Hui was entitled to fully control the voting power at general meetings of Parc Palais Incorporated, a private company, which beneficially held all of those shares referred to above as his corporate interests.
- (4) Dr the Hon Eric K C Li was entitled to control no less than one-third of the voting power at general meetings of a private company which beneficially held all of those shares referred to above as his corporate interests.
- (5) These represent interests in (i) options granted to Directors under the HSBC share plans to acquire ordinary shares of US\$0.50 each in HSBC Holdings plc and (ii) conditional awards of shares under the HSBC Holdings plc Restricted Share Plan made in favour of Directors and held by a trust for ordinary shares of US\$0.50 each in HSBC Holdings plc, as set against their respective names below:

	Options (please refer to the options table below for details)	Conditional awards of shares under the HSBC Holdings plc Restricted Share Plan (please refer to the awards table below for further information)	Total
Mr D G Eldon	–	335,587	335,587
Mr Vincent H C Cheng	3,070	188,340	191,410
Mr S J Glass	41,348	24,946	66,294
Mr Roger K H Luk	3,937	58,261	62,198
Mr W K Mok	5,652	57,183	62,835
Mr Raymond C F Or	4,509	158,954	163,463

At 30 June 2004, the undermentioned Directors held unlisted physically settled options to acquire the number of ordinary shares of US\$0.50 each in HSBC Holdings plc set against their respective names. These options were granted for nil consideration by HSBC Holdings plc.

	Options held at 30 June 2004	Options exercised during the first half of the year (ordinary shares of US\$0.50 each)	Exercise price per share in pence	Date granted	Exercisable from	Exercisable until
Mr Vincent H C Cheng	3,070	–	534.96	8 May 2003	1 Aug 2008	31 Jan 2009
Mr S J Glass	17,550	–	637.54	29 Mar 1999	3 Apr 2002	29 Mar 2009
	6,500	–	746.00	3 Apr 2000	3 Apr 2003	3 Apr 2010
	7,500	–	871.20	23 Apr 2001	23 Apr 2004	23 Apr 2011
	7,000	–	840.50	7 May 2002	7 May 2005	7 May 2012
	2,798	–	602.99	10 Apr 2000	1 Aug 2005	31 Jan 2006
	<u>41,348</u>					
Mr Roger K H Luk	1,248	–	539.80	1 Apr 1999	1 Aug 2004	31 Jan 2005
	1,679	–	602.99	10 Apr 2000	1 Aug 2005	31 Jan 2006
	1,010 ⁽¹⁾	–	647.20	10 May 2004	1 Aug 2009	31 Jan 2010
	<u>3,937</u>					
Mr W K Mok	3,126	–	539.80	1 Apr 1999	1 Aug 2004	31 Jan 2005
	2,526 ⁽¹⁾	–	647.20	10 May 2004	1 Aug 2009	31 Jan 2010
	<u>5,652</u>					
Mr Raymond C F Or	1,875	–	539.80	1 Apr 1999	1 Aug 2004	31 Jan 2005
	1,119	–	602.99	10 Apr 2000	1 Aug 2005	31 Jan 2006
	1,515 ⁽¹⁾	–	647.20	10 May 2004	1 Aug 2009	31 Jan 2010
	<u>4,509</u>					

Note:

(1) Notifications that they held these unlisted physically settled options to acquire ordinary shares of US\$0.50 each in HSBC Holdings plc were given by Mr Roger K H Luk, Mr W K Mok and Mr Raymond C F Or in July 2004 on their becoming aware of the same.

At 30 June 2004, the interests of the Directors in the conditional awards of shares made in favour of them under the HSBC Holdings plc Restricted Share Plan and held by a trust for ordinary shares of US\$0.50 each in HSBC Holdings plc were as follows:

	Awards held at 1 January 2004	Awards made during the first half of the year	Shares awarded released to the Director during the first half of the year	Awards held at 30 June 2004 ⁽¹⁾
Mr D G Eldon	289,829	87,302	49,209	335,587
Mr Vincent H C Cheng	155,179	52,963	23,981	188,340
Mr S J Glass	12,467	12,180	–	24,946
Mr Roger K H Luk	63,527	10,962	17,471	58,261
Mr W K Mok	59,713	11,571	15,287	57,183
Mr Raymond C F Or	132,036	45,397	22,011	158,954

Note:

(1) This includes additional shares arising from scrip dividends.

All the interests stated above represent long positions. As at 30 June 2004, no short positions were recorded in the Register of Directors' and Chief Executives' Interests and Short Positions required to be kept under section 352 of the SFO.

Other than those disclosed above, no right to subscribe for equity or debt securities of the Bank has been granted by the Bank to, nor have any such rights been exercised by, any person during the half year ended 30 June 2004.

Substantial interests in share capital

The register maintained by the Bank pursuant to the SFO recorded that, as at 30 June 2004, the following corporations had interests (as defined in that Ordinance) in the Bank set opposite their respective names:

Name of Corporation	Number of Ordinary Shares of HK\$5 each in the Bank (Percentage of total)
The Hongkong and Shanghai Banking Corporation Limited	1,188,057,371 (62.14%)
HSBC Asia Holdings BV	1,188,057,371 (62.14%)
HSBC Asia Holdings (UK)	1,188,057,371 (62.14%)
HSBC Holdings BV	1,188,057,371 (62.14%)
HSBC Finance (Netherlands)	1,188,057,371 (62.14%)
HSBC Holdings plc	1,188,057,371 (62.14%)

The Hongkong and Shanghai Banking Corporation Limited is a wholly-owned subsidiary of HSBC Asia Holdings BV, which is a wholly-owned subsidiary of HSBC Asia Holdings (UK), which in turn is a wholly-owned subsidiary of HSBC Holdings BV. HSBC Holdings BV is a wholly-owned subsidiary of HSBC Finance (Netherlands), which in turn is wholly-owned by HSBC Holdings plc. Accordingly, The Hongkong and Shanghai Banking Corporation Limited's interests are recorded as the interests of HSBC Asia Holdings BV, HSBC Asia Holdings (UK), HSBC Holdings BV, HSBC Finance (Netherlands) and HSBC Holdings plc.

The Directors regard HSBC Holdings plc to be the beneficial owner of 1,188,057,371 ordinary shares in the Bank (62.14%).

All the interests stated above represent long positions. As at 30 June 2004, no short positions were recorded in the Register of Interests in Shares and Short Positions required to be kept under section 336 of the SFO.

Purchase, sale or redemption of the Bank's listed securities

During the six months ended 30 June 2004, there was no purchase, sale or redemption by the Bank, or any of its subsidiaries, of the Bank's listed securities.

Remuneration and staff development

There have been no material changes to the information disclosed in the Annual Report 2003 in respect of the remuneration of employees, remuneration policies and staff development.

Code of best practice

None of the Directors is aware of information that would reasonably indicate that the Bank is not, or was not for any part of the accounting period for the first half of 2004, in compliance with the Code of Best Practice adopted by the Bank, which includes all the guidelines set out in Appendix 14 of the Listing Rules.

Supervisory Policy Manual on Interim Financial Disclosure by Locally Incorporated Authorised Institutions

The information in the interim report for the half year ended 30 June 2004 complies with the module on "Interim Financial Disclosure by Locally Incorporated Authorised Institutions" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority in November 2002.

Hong Kong Statement of Standard Accounting Practice 25 "Interim Financial Reporting" ("HKSSAP 25")

The information in the interim report for the half year ended 30 June 2004 complies with HKSSAP 25.

Register of shareholders

The Register of Shareholders of the Bank will be closed on Tuesday, 24 August 2004, during which no transfer of shares can be registered. In order to qualify for the second interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Bank's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4.00 pm on Monday, 23 August 2004. The second interim dividend will be payable on Thursday, 2 September 2004 to shareholders on the Register of Shareholders of the Bank on Tuesday, 24 August 2004.

Copies of the interim report

Further copies of the interim report may be obtained from the Company Secretary Department, Hang Seng Bank Limited, Level 10, 83 Des Voeux Road Central, Hong Kong; or from Hang Seng Bank's website <http://www.hangseng.com>.

Proposed timetables for the remaining quarterly dividends for 2004

Third interim dividend for 2004

Announcement	8 November 2004
Book close date	17 December 2004
Payment date	5 January 2005

Fourth interim dividend for 2004

Announcement	28 February 2005
Book close date	16 March 2005
Payment date	24 March 2005

Board of Directors

As at 2 August 2004, the Board of Directors of the Bank comprises Mr D G Eldon (Chairman), Mr Vincent H C Cheng (Vice-Chairman and Chief Executive), Mr John C C Chan, Dr Y T Cheng, Dr Marvin K T Cheung, Mr S J Glass, Mr Jenkin Hui, Mr Peter T C Lee, Dr the Hon Eric K C Li, Dr Vincent H S Lo, Mr Roger K H Luk, Mr W K Mok, Mr Raymond C F Or, Dr David W K Sin and Mr Richard Y S Tang.

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