

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should consult a stockbroker, solicitor, accountant or other appropriate independent professional adviser.

If you have sold or transferred all your shares in HSBC Holdings plc, you should at once forward this document and the accompanying Form of Proxy to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document should be read in conjunction with the accompanying *Annual Report and Accounts* and/or *Annual Review* in respect of the year ended 31 December 2001.

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A Chinese translation of this document is available on request from Central Registration Hong Kong Limited, Rooms 1901-1905 Hopewell Centre, 183 Queen's Road East, Hong Kong.

本文件之中文譯本可於下址之香港中央證券登記有限公司索取：香港皇后大道東一八三號合和中心 1901-1905 室。

HSBC Holdings plc

Notice of

Annual General Meeting

to be held on 31 May 2002

Notice of the Annual General Meeting to be held at Barbican Hall, Barbican Centre, London EC2 at 11.00 am on Friday 31 May 2002 is set out on pages 5 to 9.

The action to be taken by Shareholders is set out on page 2. Whether or not you propose to attend the Annual General Meeting you are requested to complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed Form. The Form of Proxy must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

3 April 2002

HSBC 

Access to the Meeting

The Barbican Centre is wheelchair accessible, the auditorium is fitted with an induction loop, and parking spaces are available for disabled drivers. To help us ensure the Annual General Meeting is fully accessible to all Shareholders, please contact Judy Parkinson (telephone 020 7260 0599, fax 020 7260 0044, e-mail judyparkinson@hsbc.com) if you have any particular access needs.

This Notice of Annual General Meeting and the accompanying *Annual Report and Accounts* and/or *Annual Review* are available on our web site, www.hsbc.com.

The Annual General Meeting can be viewed live on the internet at www.hsbc.com by selecting the 'AGM webcast' link on the right hand side of the home page. A recording of the Annual General Meeting will also be available after the conclusion of the meeting until 30 June 2002.

3 April 2002

Dear Shareholder

Special Business at the Annual General Meeting

The purpose of this letter is to give you details of the proposals which will be considered as special business at the Annual General Meeting of the Company to be held on Friday 31 May 2002. The Notice of Annual General Meeting is set out on pages 5 to 9 of this document.

1 Resolutions 4 and 5 (Authority to Directors to allot shares and disapplication of pre-emption rights)

At last year's Annual General Meeting the Directors were again given general authorities to allot shares. It is proposed that these general authorities be extended until the Annual General Meeting in 2003.

The general purpose of these authorities is to enable the Directors to issue new shares, equivalent to 20 per cent of the Ordinary Shares in issue on 20 March 2002, without having first to obtain the consent of Shareholders in general meeting. The need for such an issue of shares could arise, for example, in the context of a transaction (such as the acquisition of a company) which had to be completed speedily. The granting of such authorities is now commonplace, and your Board takes the view that it would be in the interests of the Company if the authorities were renewed.

Excluding the Ordinary Shares reserved for issue pursuant to the exercise of options previously granted under the employee share plans, the Directors will have authority to allot Ordinary Shares up to a maximum amount (in nominal value) of US\$935,560,000.

Within this amount, the Directors will have authority to allot Ordinary Shares wholly for cash to persons other than existing Shareholders up to a maximum amount (in nominal value) of US\$233,890,000. This is equivalent to approximately 5 per cent of the Ordinary Shares in issue on 20 March 2002.

Other than on the exercise of options granted under the employee share plans or pursuant to the Company's scrip dividend scheme, your Board has no present intention of issuing any further Ordinary Shares, and no issue will be made which would effectively change the control of the Company or the nature of its business without the prior approval of Shareholders in general meeting.

The Board is also seeking to renew the authority to issue sterling, United States dollar and euro preference shares in case of need. The Board has no present intention of exercising this authority.

HSBC Holdings plc

Incorporated in England with limited liability. Registered in England: number 617987

Registered Office and Group Head Office:

10 Lower Thames Street, London EC3R 6AE, United Kingdom

2 Resolution 6 (Purchase of Ordinary Shares by the Company)

The Company has power under the Articles of Association to purchase its own shares. The Directors consider that it is appropriate to seek renewal of the mandate giving authority for the Company to make market purchases of up to 10 per cent of its own Ordinary Shares in issue. Any Ordinary Shares purchased would be cancelled. It is emphasised that it remains the Directors' policy to maintain a strong capital base, a policy which has been one of the Group's strengths over the years. Having such an authority will, however, give added flexibility if the Directors consider it in the interests of the Company and its Shareholders to purchase Ordinary Shares in the market in appropriate circumstances. Further details regarding the authority to the Company to purchase its shares are set out in Appendix I.

3 Resolution 7 (Scrip dividend alternative)

The authority for the Directors to offer a scrip dividend alternative, whereby Ordinary Shareholders may elect to receive new shares instead of dividends in cash, will expire on payment of the second interim dividend for 2001. Ordinary Shareholders' approval is therefore sought to renew the authority for the Directors to offer a scrip dividend alternative for a further five-year period.

4 Resolutions 8 and 9 (Political donations and expenditure)

The Political Parties, Elections and Referendums Act 2000 (the "PPERA") introduced a requirement for companies to obtain prior shareholder approval for any EU political donation or expenditure over £5,000 in a 12 month period.

The PERA contains extremely wide definitions of what constitutes a political donation and political expenditure. There is debate about whether activities such as sponsorship, subscriptions and the provision of paid leave for employees who are involved with local councils are deemed to be political expenditure.

To protect the Company, approval is sought for the Company and HSBC Bank plc to make donations to EU political organisations and to incur EU political expenditure up to a maximum aggregate of £250,000 and £50,000 respectively. The authorities are being sought as a precautionary measure in the light of the potential implications of the PERA. The Company has a long-standing policy of not making contributions to any political party and this will remain in force.

5 Recommendation

Your Board considers that the proposals described in this document are in the best interests of HSBC Holdings and its Shareholders and recommends that you should vote in favour of the resolutions relating thereto. The Directors intend to do so in respect of their own beneficial holdings.

6 Action to be taken

A Form of Proxy is enclosed for use at the Annual General Meeting. You should complete and submit the Form of Proxy in accordance with the instructions printed on the Form, whether or not you intend to attend the Meeting in person. The Form of Proxy must be received not less than 48 hours before the time of the holding of the Meeting. The completion and submission of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the Meeting.

Yours sincerely



Sir John Bond
Group Chairman

APPENDIX I

PURCHASE OF ORDINARY SHARES BY THE COMPANY

Set out below is information concerning the proposed general mandate for the purchase of shares by the Company (Resolution 6), which incorporates the Explanatory Statement required to be sent to Shareholders in accordance with the Listing Rules of The Stock Exchange of Hong Kong Limited.

- (a) It is proposed that the Company be given authority to purchase up to 935,560,000 Ordinary Shares (which represent 10 per cent of the Ordinary Shares in issue on 20 March 2002, the latest practicable date prior to the printing of this document). Purchases of shares will be at prices not below US\$0.50 (or the equivalent in the relevant currency in which the purchase is effected) and at not more than 105 per cent of the average of the middle market quotations for the Ordinary Shares on the London Stock Exchange for the five dealing days before the relevant purchase or 105 per cent of the average of the closing prices of the Ordinary Shares on the Hong Kong Stock Exchange for the five dealing days before the relevant purchase, whichever is the lower.
- (b) The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Company to purchase Ordinary Shares in the market and to give power to the Directors to exercise such authority. The Directors intend that purchases of shares should only be made if they consider that the purchase would operate for the benefit of the Company and Shareholders taking into account relevant factors and circumstances at that time, for example the effect on earnings per share. The Directors have no immediate plans to make any purchases under the proposed authority.
- (c) It is expected that purchases will be funded from the Company's available cash flow or liquid resources and will, in any event, be made out of funds legally available for the purchase in accordance with the Memorandum and Articles of Association of the Company and the applicable laws of England and Wales. Any Ordinary Shares purchased by the Company would be cancelled.
- (d) The Directors do not propose to execute purchases in circumstances where to do so would have a material adverse effect on the capital requirements of the Company or the liquidity levels which, in the opinion of the Directors, are from time to time appropriate for the Company. If the power to make purchases were to be carried out in full (equivalent to 10 per cent of the Ordinary Shares in issue on 20 March 2002) there might be a material adverse impact on the capital or liquidity position of the Company (as compared with the position disclosed in its published audited accounts for the year ended 31 December 2001).
- (e) None of the Directors, nor, to the best of the knowledge of the Directors having made all reasonable enquiries, any Associates (as defined in the Listing Rules of the Hong Kong Stock Exchange) of the Directors, has a present intention, in the event that Resolution 6 is approved by Shareholders, to sell any Ordinary Shares to the Company.
- (f) The Directors have undertaken to the Hong Kong Stock Exchange to exercise the power of the Company to make purchases pursuant to Resolution 6, if approved, in accordance with the Listing Rules of the Hong Kong Stock Exchange and the applicable laws of England and Wales.
- (g) The Directors are not aware of any consequences which would arise under any applicable Takeover Code as a result of any purchases made by the Company pursuant to Resolution 6, if approved.
- (h) The Company has not purchased any of its own shares in the six months prior to the date of this document.
- (i) No connected persons (as defined in the Listing Rules of the Hong Kong Stock Exchange) of the Company have notified the Company that they have a present intention to sell shares in the Company to the Company or have undertaken not to sell any of the shares held by them to the Company, in the event that Resolution 6 is approved.

- (j) The highest and lowest prices at which Ordinary Shares have traded on the Hong Kong Stock Exchange during each of the previous twelve months were as follows:

	Lowest (HK\$)	Highest (HK\$)
March 2001	88.00	105.00
April 2001	89.50	99.50
May 2001	95.00	102.00
June 2001	90.75	99.50
July 2001	86.00	93.50
August 2001	89.00	94.75
September 2001	68.25	92.50
October 2001	79.25	88.75
November 2001	85.00	95.50
December 2001	89.25	98.50
January 2002	86.50	95.50
February 2002	84.50	90.00



HSBC Holdings plc

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the Barbican Hall, Barbican Centre, London EC2 on Friday 31 May 2002 at 11.00 am to transact the following ordinary business:

- 1 to receive and consider the Annual Accounts and Reports of the Directors and of the Auditor for the year ended 31 December 2001;
- 2 to re-elect Directors;
- 3 to reappoint KPMG Audit Plc as Auditor at remuneration to be determined by the Directors;

and by way of special business to consider and (if thought fit) pass the following Resolutions of which Resolutions 4, 6, 7, 8 and 9 will be proposed as Ordinary Resolutions and Resolution 5 will be proposed as a Special Resolution:

- 4 THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to and for the purposes of section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £100,000, US\$100,000 and €100,000 (in each such case in the form of 10,000,000 non-cumulative preference shares) and US\$935,560,000 (in the form of Ordinary Shares of US\$0.50 each) provided that this authority shall be limited so that, otherwise than pursuant to:
 - (a) a rights issue or other issue the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to:
 - (i) Ordinary Shareholders where the relevant securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (or as nearly as may be) to the respective number of Ordinary Shares held by them; and
 - (ii) holders of securities, bonds, debentures or warrants which, in accordance with the rights attaching thereto, are entitled to participate in such a rights issue or other issue, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or securities represented by depositary receipts or having regard to any restrictions, obligations or legal problems under the laws of or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever; or
 - (b) the terms of any share plan for employees of the Company or any of its subsidiary undertakings; or
 - (c) any scrip dividend scheme or similar arrangements implemented in accordance with the Articles of Association of the Company; or
 - (d) the allotment of up to 10,000,000 non-cumulative preference shares of £0.01 each, 10,000,000 non-cumulative preference shares of US\$0.01 each and 10,000,000 non-cumulative preference shares of €0.01 each in the capital of the Company,

the nominal amount of relevant securities to be allotted by the Directors pursuant to this authority wholly for cash shall not in aggregate exceed US\$233,890,000 (being equal to approximately 5 per cent of the nominal amount of Ordinary Shares of the Company in issue at the date of the Notice of this Meeting) and such authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2003 save that this authority shall allow the Company before the expiry of this authority to make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

- 5 THAT, subject to the passing of Resolution 4 set out in the Notice of this Meeting, the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (“the Act”) to allot equity securities (as defined by section 94 of the Act) pursuant to the authority conferred by Resolution 4 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2003 save that this power shall enable the Company before the expiry of this power to make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.
- 6 THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of Ordinary Shares of US\$0.50 each in the capital of the Company (“Ordinary Shares”) and the Directors are authorised to exercise such authority provided that:
 - (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 935,560,000 Ordinary Shares;
 - (b) the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is US\$0.50 (or the equivalent in the relevant currency in which the purchase is effected calculated by reference to the spot rate of exchange for the purchase of United States dollars with such other currency as quoted by HSBC Bank plc in the London Foreign Exchange Market at or about 11.00 am (London time) on the business day (being a day on which banks are ordinarily open for the transaction of normal banking business in London) prior to the date on which the Ordinary Share is contracted to be purchased, in each case such rate to be the rate as conclusively certified by an officer of HSBC Bank plc);
 - (c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is the lower of (i) 105 per cent of the average of the middle market quotations for the Ordinary Shares (as derived from the Daily Official List of the London Stock Exchange plc) for the five dealing days immediately preceding the day on which the Ordinary Share is contracted to be purchased or (ii) 105 per cent of the average of the closing prices of Ordinary Shares on The Stock Exchange of Hong Kong Limited for the five dealing days immediately preceding the day on which the Ordinary Share is contracted to be purchased, in each case converted (where relevant) into the relevant currency in which the purchase is effected calculated by reference to the spot rate of exchange for the purchase of such currency with the currency in which the quotation and/or price is given as quoted by HSBC Bank plc in the London Foreign Exchange Market at or about 11.00 am (London time) on the business day prior to the date on which the Ordinary Share is contracted to be purchased, in each case such rate to be the rate as conclusively certified by an officer of HSBC Bank plc;
 - (d) unless previously revoked or varied this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2003; and
 - (e) the Company may prior to the expiry of this authority make a contract to purchase Ordinary Shares under this authority which will or may be executed wholly or partly after such expiry and may make a purchase of Ordinary Shares pursuant to any such contract.

- 7 THAT the Directors be and are hereby empowered:
- (a) to exercise the power conferred upon them by Article 151 of the Articles of Association of the Company in respect of all or part of any dividend payable in respect of any financial period of the Company ending on or before 31 December 2006;
 - (b) to capitalise from time to time the appropriate nominal amount or amounts of new shares of the Company falling to be allotted pursuant to elections made under the Company's scrip dividend scheme out of the amount or amounts standing to the credit of any reserve account or fund of the Company, to apply that sum in paying up in full the relevant number of such new shares and to allot such new shares pursuant to such elections; and
 - (c) generally to implement the Company's scrip dividend scheme on such terms and conditions as the Directors may from time to time determine and to take such other actions as the Directors may deem necessary or desirable from time to time in respect of the Company's scrip dividend scheme.
- 8 THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Part XA of the Companies Act 1985 (as amended) ("the Act") to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of the Act) up to a maximum aggregate amount of £250,000 provided that such authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution.
- 9 THAT HSBC Bank plc be and is hereby generally and unconditionally authorised for the purposes of Part XA of the Companies Act 1985 (as amended) ("the Act") to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of the Act) up to a maximum aggregate amount of £50,000 provided that such authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution.

By Order of the Board

R G Barber
Group Company Secretary

3 April 2002

HSBC Holdings plc

Incorporated in England with limited liability. Registered in England: number 617987

Registered Office and Group Head Office:

10 Lower Thames Street, London EC3R 6AE, United Kingdom

Notes:

- (1) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of the member. A proxy need not be a member. Completion and submission of an instrument appointing a proxy will not preclude a member from attending and voting in person at the Meeting.
- (2) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the Board, must be deposited at the offices of Computershare Investor Services PLC, PO Box 451, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0NU, United Kingdom, or at the offices of Central Registration Hong Kong Limited, Rooms 1901-1905, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time of the holding of the Meeting (or any adjourned meeting). In the case of an appointment of a proxy submitted in electronic form, such appointment must be received not less than 48 hours before the time of the holding of the Meeting (or any adjourned meeting). However, you should note that any power of attorney or other authority relating to an appointment cannot be submitted electronically and must be deposited as referred to above for the appointment to be valid.
- (3) Pursuant to the Uncertificated Securities Regulations 2001, changes to entries on the principal register of members of the Company maintained in England (the "Principal Register") after midnight (London time) on the day prior to the day immediately before the Meeting or any adjourned meeting (as the case may be) shall be disregarded in determining the rights of a member to attend or vote at the Meeting or any adjourned meeting (as the case may be). Accordingly, a member entered on the Principal Register at midnight on the day prior to the day immediately before the Meeting or any adjourned meeting (as the case may be) shall be entitled to attend and vote at the Meeting or any adjourned meeting (as the case may be) in respect of the number of such shares entered against the member's name at that time.
- (4) In the case of joint registered holders of any share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the Principal Register or the Hong Kong Overseas Branch Register of the Company, as appropriate.
- (5) The Directors standing for re-election are Sir John Bond, D G Eldon, D J Flint and Lord Marshall. Brief biographical details of the Directors are set out on pages 20 to 23 of the accompanying *Annual Review* and pages 127 to 129 of the *Annual Report and Accounts*.
- (6) The general purpose of the authorities to be conferred on the Directors by Resolutions 4 and 5 is to enable the Directors to issue shares up to a specified number without having first to obtain the consent of Ordinary Shareholders in general meeting. The Directors have undertaken that no capital will be issued which would effectively change the control of the Company or the nature of its business without the prior approval of Ordinary Shareholders in general meeting.
- (7) The purpose of the authority to be conferred by Resolution 6 is to enable the Company to make market purchases of its own shares. The total number of options to subscribe for Ordinary Shares outstanding on 20 March 2002 (the latest practicable date prior to printing of this document) was 281,245,577, which represented 3.01 per cent of the issued ordinary share capital as at that date. If the Company were to purchase the maximum number of Ordinary Shares permitted by this Resolution, the options outstanding on 20 March 2002 would represent 3.34 per cent of the issued ordinary share capital.
- (8) The purpose of the authority to be conferred by Resolution 7 is to enable the Directors to continue to offer Shareholders a scrip dividend alternative.
- (9) The purpose of the authorities to be conferred by Resolutions 8 and 9 is to permit the Company and HSBC Bank plc to make political donations and incur political expenditure up to a maximum aggregate sum of £250,000 and £50,000 respectively. It is not proposed that the Company's long-standing policy of not making contributions to any political party be changed.

(10) For safety reasons, security checks will be carried out on entry to the Meeting. Shareholders are reminded that briefcases, cameras and tape-recorders will not be allowed in the Meeting and that all mobile telephones must be switched off.

(11) According to the register maintained by the Company pursuant to section 325 of the Companies Act and section 29 of the Securities (Disclosure of Interests) Ordinance (Cap. 396) of Hong Kong, the following changes in the Directors' interests, all beneficial except as otherwise stated, in the shares and loan capital of HSBC Holdings plc and its subsidiaries have occurred during the period from 4 March 2002 (the date of the Report of the Directors) to 20 March 2002 (the latest practicable date prior to the printing of this document):

(a) The undernamed Directors were granted conditional awards, subject to the vesting arrangements set out on page 29 of the accompanying *Annual Review* and page 146 of the *Annual Report and Accounts*, under the HSBC Holdings Restricted Share Plan 2000 which give rise to additional interests in the number of Ordinary Shares of US\$0.50 each shown below:

Sir John Bond	114,779
W R P Dalton	72,492
D G Eldon	48,328
D J Flint	72,492
S K Green	90,615
A W Jebson	84,574
K R Whitson	90,615

(b) C E Reichardt acquired 5,000 American Depositary Shares representing 25,000 Ordinary Shares of US\$0.50 each.

(c) S K Green acquired 45,000 Ordinary Shares of US\$0.50 each by the exercise of options at £3.3334 per share. At the date of exercise, 13 March 2002, the market value per share was £8.34.

(d) Sir John Kemp-Welch acquired a non-beneficial interest in 75,000 Ordinary Shares of US\$0.50 each.

(e) Sir Brian Moffat acquired 212 Ordinary Shares of US\$0.50 each.

(f) Sir John Bond acquired a personal interest in 2 Ordinary Shares of US\$0.50 each and a family interest in 2 Ordinary Shares of US\$0.50 each following an automatic reinvestment by a Personal Equity Plan manager.

(12) In the case of a conflict between any translation and the English text hereof, the English text will prevail.

