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DISCLOSEABLE TRANSACTION

HSBC Asia and Lone Star agree extension of time for Korea Exchange Bank acquisition

HSBC announces that HSBC Asia and Lone Star have today agreed to amend the terms of the acquisition agreement (i) to extend the long-stop date for completion of the acquisition agreement (the "Long-stop Date") to 31 July 2008 and (ii) to provide that if the FSC Approval is obtained during the currency of the acquisition agreement, the Long-stop Date will automatically be re-fixed as the date which is two months after the date of the FSC Approval.

The acquisition agreement already provides that either HSBC Asia or Lone Star may terminate the acquisition agreement if completion has not occurred on or before the Long-stop Date (which has been amended as referred to above). HSBC Asia and Lone Star have agreed further that either of them may terminate the acquisition agreement by notice given within 1 to 7 July 2008 (both dates inclusive) but no such notice may be given if the FSC Approval has already been obtained.

As a result of these amendments, there have been certain consequential changes to the acquisition agreement relating in particular to the dates by which certain actions have to take place, so that these are consistent with the Long-stop Date.

The purchase price remains as originally agreed. Accordingly, adjusting for the dividend of KRW 700 per share declared and paid in respect of KEB's 2007 annual results, the purchase price is KRW 3,170 billion plus US\$ 2,833 million amounting in total to the equivalent (at the exchange rate on Friday 25 April, 2008 of US\$1.00 = 995.28 Korean Won ("KRW")) of approximately US\$ 6,018 million, payable in cash. In the event that any further dividend is paid by reference to a record date prior to completion of the acquisition the purchase price will be further reduced accordingly.

Save for the amendments referred to in this announcement, no other material changes to the acquisition agreement have been agreed between HSBC Asia and Lone Star.

On 3 September 2007 HSBC Holdings plc ("HSBC") announced that its indirect, wholly-owned subsidiary, HSBC Asia Pacific Holdings (UK) Limited ("HSBC Asia") had entered into a conditional agreement to acquire 51.02 per cent of the issued share capital of Korea Exchange Bank ("KEB") from LSF-KEB Holdings SCA ("Lone Star").

As set out in that announcement, the acquisition is subject to a number of conditions, including the receipt of applicable governmental and regulatory approvals, particularly from the Korean Financial Services Commission (the "FSC Approval"). Further, the acquisition was stated to be conditional on completion taking place on or before 30 April 2008. As at the date of this announcement, although a large number of overseas regulatory approvals and that of the Fair Trade Commission of Korea have been obtained, HSBC Asia has not received the FSC Approval.

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Under a shareholders' agreement with Lone Star, The Export-Import Bank of Korea ("KEXIM") is entitled to require HSBC Asia to purchase, on substantially the same terms, part or all of its shareholding in KEB (KEXIM's entire shareholding represents a further 6.25 per cent of the issued share capital of KEB).

As stated in the 3 September 2007 announcement, HSBC does not intend to make a tender offer to KEB's remaining shareholders and, following completion of the acquisition, KEB will remain a company listed on the Korea Exchange.

Save for the amendments referred to in this announcement, no other material changes to the acquisition agreement have been agreed between HSBC Asia and Lone Star.

As at the date of this announcement, the Directors of HSBC are S K Green, The Baroness Dunn*, Sir Brian Moffat*, M F Geoghegan, Lord Butler*, V H C Cheng, J D Coombe†, J L Durán†, R A Fairhead†, D J Flint, W K L Fung*, J W J Hughes-Hallett†, W S H Laidlaw†, Sir Mark Moody-Stuart†, G Morgan†, S W Newton†, S M Robertson† and Sir Brian Williamson†.

* Non-executive Director

† Independent non-executive Director

By Order of the Board
R G Barber
Group Company Secretary

HSBC Holdings plc

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

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