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(Stock code: 11)

ANNOUNCEMENT CONNECTED TRANSACTION

Entry into connected transaction

On 5 October 2022, HSIC, HGGP and HMGL entered into the Limited Partnership Agreement.

HGGP and HMGL, both being indirect wholly-owned subsidiaries of HSBC, are connected persons of the Company by virtue of HSBC's indirect holding of shares in the Company, representing approximately 62.14% of the number of its shares in issue. The Limited Partnership Agreement is therefore a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Limited Partnership Agreement is more than 0.1% but less than 5%, the Limited Partnership Agreement is exempt from the independent shareholders' approval requirement, and is subject only to the reporting and announcement requirements in respect of connected transactions set out in Chapter 14A of the Listing Rules.

This announcement is being published pursuant to Chapter 14A of the Listing Rules.

LIMITED PARTNERSHIP AGREEMENT

On 5 October 2022, HSIC, HGGP and HMGL entered into the Limited Partnership Agreement pursuant to which HSIC, as investor, and HGGP, as general partner have established H9 LP for the purpose of making private equity investments. Under the Limited Partnership Agreement, HMGL has been appointed as manager to manage the assets of H9 LP in accordance with the Limited Partnership Agreement, and may engage HAIL as exclusive investment advisor to provide HMGL with investment advisory services. HSIC is the sole investor of H9 LP. Investments will be made by H9 LP with funds being provided to H9 LP by HSIC.

The Limited Partnership Agreement is subject to the reporting and announcement requirements in respect of connected transactions set out in Chapter 14A of the Listing Rules.

Date

5 October 2022

Parties

HSIC

HGGP

HMGL

Investment mandate

HSIC has agreed to commit a total of US\$1,440,000,000 to H9 LP, with such amount to be invested in vintage 2022. HSIC's liability under the Limited Partnership Agreement is limited to the aggregate of its undrawn commitments.

H9 LP has a mandate in 2022 to make investments in the nature of credit investments of up to US\$722,000,000, private equity of up to US\$635,000,000, and infrastructure equity of up to US\$83,000,000, as determined by HMGL, as manager of H9 LP but subject to certain investment guidelines. These amounts have been determined in accordance with HSIC's investment strategies.

Capital contributions and distributions

HSIC will make investments into H9 LP by way of capital contributions as determined by HMGL for the purposes of funding investments and providing other funding needed by H9 LP to cover operating costs and expenses. HSIC is not obliged to make any contribution to H9 LP other than in accordance with the Limited Partnership Agreement, unless required to do so under applicable laws.

Net income and capital proceeds derived from the investments made by H9 LP, after the payment of or making a provision for expenses and such amounts as determined by HMGL to allow H9 LP to meet its obligations and expenses, will be distributed to HSIC.

Fees and expenses

H9 LP is responsible for paying HMGL (i) a management fee of the rate between 0.26% and 0.65% per annum of commitments or better for the first three years and thereafter of the value of funds under management depending on the nature of the investment, payable quarterly in arrears, and (ii) a performance fee of between 10% and 15% of investment proceeds, payable quarterly in arrears, if certain hurdle rates of return are achieved for HSIC in respect of certain investments made by H9 LP. H9 LP is also responsible for all other costs and expenses of operating H9 LP and making the investments (save that HMGL is responsible for its own expenses). Such fees have been determined following negotiation between the parties on an arm's length basis and the Directors consider that these charges are no less favourable to the Group than those which would be payable to independent third party service providers in respect of the provision of similar services.

H9 LP shall indemnify HGGP, HMGL and their affiliates against all liabilities they may incur by reason of having carried out their functions with respect to H9 LP, save where (i) the matter resulted directly from their own negligence, wilful default or fraud; (ii) the matter relates to a dispute solely among HGGP, HMGL and their affiliates; or (iii) such an indemnity would contravene any law or regulation. The Company considers the indemnity to be reasonably common in an agreement such as this and is comparable to similar limited partnership agreements.

REASONS FOR AND BENEFITS OF THE LIMITED PARTNERSHIP AGREEMENT

As announced by the Company on 28 October 2019, HSIC previously entered into a limited partnership agreement with HGGP and HMGL for the purpose of making private equity investments through a Guernsey limited partnership. The Company also announced on 8 July 2021 that HSIC entered into another limited partnership agreement with HGGP and HMGL for the purpose of also investment through another Guernsey limited partnership H8 LP.

HSIC prefers the investment model of making private equity investments through a partnership compared to its previous model of making private equity investments directly in its own name. HSIC considers that making private equity investments through a partnership enables improved governance and operational efficiency by enabling consolidation of reporting obligations and the streamlining of other administrative processes. Accordingly, HSIC determined to enter into the Limited Partnership Agreement for the purpose of making private equity investments in 2022 too.

The Directors (including the Independent Non-executive Directors) consider that the Limited Partnership Agreement, and the transactions contemplated thereunder, is made on normal commercial terms or better as compared with similar limited partnership agreements and in the ordinary and usual course of business of the Group, and that the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

CONNECTED TRANSACTION

HGGP and HMGL, both being indirect wholly-owned subsidiaries of HSBC, are connected persons of the Company by virtue of HSBC's indirect holding of shares in the Company, representing approximately 62.14% of the number of its shares in issue. The Limited Partnership Agreement is therefore a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the new investment mandate is more than 0.1% but less than 5%, the Limited Partnership Agreement is exempt from the independent shareholders' approval requirement, and is subject only to the reporting and announcement requirements in respect of connected transactions set out in Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the entry into the Limited Partnership Agreement nor have they abstained from voting on the resolutions of the Directors in relation to the approval of the entry into the Limited Partnership Agreement.

GENERAL

The Company and its subsidiaries are principally engaged in commercial and retail banking business and offer a comprehensive range of financial products and services to the Group's

customers. HSBC and its subsidiaries are also principally engaged in commercial and retail banking business and offer a comprehensive range of banking and related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa. The principal activity of HGGP is the acting as general partner of certain limited partnerships. The principal activities of HMGL are the provision of investment advice and investment management services for hedge funds, private equity and real estate funds.

HSBC is the ultimate beneficial owner of HSIC, HGGP and HMGL.

This announcement is published pursuant to Rules 14A.35 and 14A.68 of the Listing Rules.

DEFINITIONS

“**Company**” means Hang Seng Bank Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 11)

“**connected person**” has the meaning ascribed to it under the Listing Rules

“**Directors**” means the directors of the Company

“**Group**” means the Company and its subsidiaries

“**H9 LP**” means H9 LP Inc., an incorporated limited partnership in Guernsey with separate legal personality pursuant to the Limited Partnerships (Guernsey) Law 1995

“**HAIL**” means HSBC Alternative Investments Limited, a company incorporated in England with limited liability

“**HGGP**” means HSBC (Guernsey) GP PCC Limited, a protected cell company incorporated in Guernsey

“**HMGL**” means HSBC Management (Guernsey) Limited, a company incorporated in Guernsey with limited liability

“**HSBC**” means HSBC Holdings plc, a company incorporated in England and Wales with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 5)

“**HSBC Group**” means HSBC and its subsidiaries

“**HSIC**” means Hang Seng Insurance Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company

“**Independent Non-executive Directors**” means the independent non-executive directors of the Company

“**Limited Partnership Agreement**” means the limited partnership agreement dated 5 October 2022 between HGGP, HSIC and HMGL

“**Listing Rules**” means the Rules Governing the Listing of Securities on the Stock Exchange

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited

“**US\$**” means United States dollars, the lawful currency of the United States

As at the date hereof, the Board of Directors of the Company comprises Irene Y L Lee* (Chairman), Diana Cesar (Chief Executive), L Y Chiang*, Cordelia Chung*, Kathleen C H Gan#, Clement K M Kwok*, Patricia S W Lam*, David Y C Liao#, Huey Ru Lin*, Kenneth S Y Ng*, Xiao Bin Wang* and Michael W K Wu*.

** Independent Non-executive Directors*

Non-executive Directors

By Order of the Board

C C Li

Secretary

Hong Kong, 5 October 2022

恒生銀行有限公司

HANG SENG BANK LIMITED

Incorporated in Hong Kong with limited liability

Registered Office and Head Office: 83 Des Voeux Road Central, Hong Kong

Member HSBC Group