

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Registered No: 1113112

Financial Statements for the year ended 31 December 2014

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HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Registered No: 1113112

Financial Statements for the year ended 31 December 2014

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**Directors' report for the year ended
31 December 2013**

Review of the Company's business

The Company is incorporated and domiciled in England and Wales. Its registered office and principal place of business is 8 Canada Square, London, E14 5HQ, United Kingdom.

During the year ended 31 December 2014, HSBC Asia Pacific Holdings (UK) Limited ('the Company') continued to operate as an investment holding company. Its subsidiaries are engaged in financial services, securities, insurance brokerage services, commercial banking and the provision of accounting and other services in the Asia-Pacific region.

The Company has no employees. Any services required are provided by fellow HSBC Group companies.

The Company's key stakeholders are its subsidiaries as listed in note 8 and its parent company.

Financial performance

The performance and position of the Company for the year ended 31 December 2014 and the state of the Company's affairs at that date are set out on pages 7 to 11.

The Company results show a loss before tax of US\$34 million for the year (2013: Profit before tax of US\$153 million). During the year, the Company earned dividend income from its subsidiaries and financial investment of US\$146 million (2013: US\$322 million). In 2014, an impairment charge of US\$180 million (2013: US\$171 million) was recognised for PT Bank Ekonomi Raharja Tbk (see note 8).

The Company has net equity of US\$2,865 million as at 31 December 2014 (2013: US\$2,908 million).

The business is funded principally by parent undertakings through borrowing, preference shares or equity.

As an investment holding company, the Company monitors the performance of its subsidiaries and other investments, from which the main source of income is dividends.

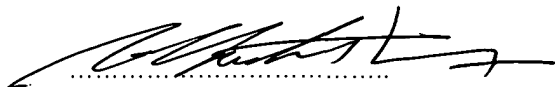
Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, as required under Part I of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are set out in note 14 to the financial statements.

As an investment holding company, the Company is subject to the risks of the performance of its subsidiaries. The major subsidiaries which provide financial services all performed satisfactorily in 2014 except for PT Bank Ekonomi Raharja Tbk as noted above.

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in note 14 on pages 23 to 25 of the financial statements.

On behalf of the Board



K Gan

Director

Dated: 10 June 2015

Registered Office

8 Canada Square
London
E14 5HQ

Directors

The Directors who served during the year were as follows:

R G Barber (resigned 17 April 2014)
N S Black (Alternate to R G Barber, resigned 17 April 2014)
R C Picot
S C Legg
S L Slater (Alternate to S C Legg, resigned 14 February 2014)
H Hodge (Alternate to S C Legg, appointed 14 February 2014)
I MacKinnon
A C G Stangroome (Alternate to I MacKinnon)
B J S Mathews
R J Hennity

On 31 March 2015, C H Gan was appointed Director of the Company in succession to S C Legg who resigned with effect from the same date. Also with effect from 31 March 2015, H Hodge ceased to be an alternate Director to S C Legg and was appointed as alternate Director to C H Gan.

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors. All Directors have the benefit of directors' and officers' liability insurance.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: US\$353 million).

Significant events since the end of the financial year

On 16 February 2015, PT Bank Ekonomi Raharja Tbk ('BER'), which is 98.94% owned by the Company, has announced that it is planning to change its status from a public listed company to a private company and to delist from the Indonesia Stock Exchange ('the Transactions') due to the illiquidity of its shares. The Transactions are subject to the approval of BER's independent shareholders at an extraordinary general meeting and to the approval of the Indonesian Financial Services Authority.

As a result of the above, HSBC Holdings plc will plan for an integration of the business operations of Bank Ekonomi and HSBC's Indonesian branch, subject to, amongst other things, applicable laws and regulations.

Future development

No change in the Company's activities is expected.

Going concern basis

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

Capital management

The Company is not subject to externally imposed capital requirements but is dependent on HSBC Group to provide necessary capital resources, which are managed on a group basis.

The Company defines capital as total shareholders' equity. It is HSBC's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.

Disclosure of information to the Auditor

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

Auditor

Following a tender process for the audit of HSBC Holdings plc and its subsidiaries that took place in 2013, it was recommended that PricewaterhouseCoopers LLP be appointed as auditors for the HSBC Group entities effective for periods ending on or after 1 January 2015.

As a result KPMG Audit Plc will not be seeking reappointment as the Company's auditor for the financial year commencing 1 January 2015 and PricewaterhouseCoopers LLP will seek appointment instead.

Statement of Directors' responsibilities

The following statement, which should be read in conjunction with the Auditor's statement of their responsibilities set out in their report on the next page, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditor in relation to the financial statements.

The Directors are responsible for preparing, in accordance with applicable law and regulations, a Strategic Report, a Directors' Report and financial statements for each financial year.

The Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and have elected to prepare the Company's financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

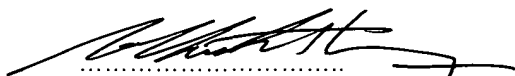
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether they have been prepared in accordance with IFRSs as adopted by the EU.

The Directors are required to prepare the financial statements on the going concern basis unless it is not appropriate. Since the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

The Directors have responsibility for ensuring that sufficient accounting records are kept that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board



K Gan
Director

Dated: 10 June 2015

Registered Office
8 Canada Square
London
E14 5 HQ

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Independent Auditor's Report to the Members of HSBC Asia Pacific Holdings (UK) Limited

We have audited the financial statements of HSBC Asia Pacific Holdings (UK) Limited ('the Company') for the year ended 31 December 2014 set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

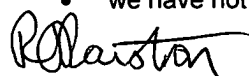
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Rawstron, Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
London, England

Date: 11 June 2015

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Financial Statements

Income statement for the year ended 31 December 2014

	Notes	2014 US\$000	2013 US\$000
Dividend income		145,701	322,159
Loss on partial disposal of a subsidiary	3	-	(1)
Gains on financial investment		2,069	1,197
Net expense from financial investment		(45)	(365)
Impairment loss on a subsidiary	4	(179,546)	(170,912)
Impairment loss on financial investment	15	(368)	-
General and administrative expenses	5	(992)	(764)
Foreign exchange gain/ (loss)		(605)	1,524
(Loss)/ profit before tax		(33,786)	152,838
Tax expense	7	(3,757)	(1,876)
(Loss)/ profit for the year		(37,543)	150,962

The accounting policies and notes on pages 12 to 29 form an integral part of these financial statements.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Financial Statements (continued)

Statement of comprehensive income for the year ended 31 December 2014

	<i>Notes</i>	2014 US\$000	2013 US\$000
(Loss)/ profit for the year		(37,543)	150,962
Other comprehensive income/(expense)			
Items that will be classified to profit or loss when specific conditions are met:			
Available-for-sale investments			
Changes in fair value		(5,577)	(5,591)
income taxes		-	-
Other comprehensive income for the year, net of tax		(5,577)	(5,591)
Total comprehensive income for the year		(43,120)	145,371
Total comprehensive income for the year attributable to the shareholders		(43,120)	145,371

The accounting policies and notes on pages 12 to 29 form an integral part of these financial statements.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

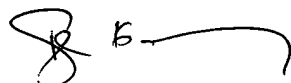
Financial Statements (continued)

Statement of financial position as at 31 December 2014

	Notes	2014 US\$000	2013 US\$000
ASSETS			
Non-current assets			
Investments in subsidiaries	8	2,229,000	2,208,614
Financial investment	9	10,042	23,292
		2,239,042	2,231,906
Current assets			
Cash and cash equivalents	10	625,615	675,509
Current tax assets		191	425
		625,806	675,934
Total assets		2,864,848	2,907,840
LIABILITIES AND EQUITY			
Current liabilities			
Amounts due to immediate parent company	11	93	27
Other liabilities		80	18
		173	45
Non-current liabilities			
Deferred tax liabilities	7	-	-
		-	-
Total liabilities		173	45
Equity			
Called up share capital	12	220	220
Share premium account		2,568,993	2,568,993
Available-for-sale reserve		-	5,577
Capital contribution reserve		14,719	14,719
Retained earnings		280,743	318,286
Total equity		2,864,675	2,907,795
Total equity and liabilities		2,864,848	2,907,840

The accounting policies and notes on pages 12 to 29 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 10 June 2015 and were signed on its behalf by:



I Mackinnon
Director

Company Registration No: 1113112

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Financial Statements (continued)

Statement of cash flows for the year ended 31 December 2014

	Notes	2014 US\$000	2013 US\$000
Cash flows from operating activities			
(Loss)/ profit before tax		(33,786)	152,838
Adjustments for:			
– Net gain on disposal of financial investment		(2,069)	(1,197)
– Loss on partial disposal of a subsidiary	3	-	1
– Impairment loss on a subsidiary	4	179,546	170,912
– Impairment loss on financial investment		368	-
– Change in operating liabilities		62	-
– Exchange differences		605	(1,524)
– Tax received		-	1,665
– Overseas tax paid		(3,522)	(8,357)
– Dividend income		(145,701)	(322,159)
Net cash outflow from operating activities		(4,497)	(7,821)
Cash flows from investing activities			
Proceeds from sale of financial investment		9,374	-
Proceeds from capital repatriation of subsidiary	8	-	15,874
Proceeds from partial disposal of subsidiary	8	-	370,000
Capital injection in subsidiary	8	(199,932)	-
Dividends received		145,095	323,820
Net cash inflow from investing activities		(45,463)	709,694
Cash flows from financing activities			
Repayment of amount due to immediate parent company.....	11	-	(52,080)
Increase in amount due to immediate parent company.....	11	66	30
Dividend paid to immediate parent company	13	-	(352,750)
Net cash inflow/ (outflow) from financing activities		66	(404,800)
Net increase in cash and cash equivalents		(49,894)	297,073
Cash and cash equivalents brought forward	10	675,509	378,436
Cash and cash equivalents carried forward	10	625,615	675,509

The accounting policies and notes on pages 12 to 29 form an integral part of these financial statements.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Financial Statements (continued)

Statement of changes in equity for the year ended 31 December 2014

	Called up share capital US\$000	Share premium US\$000	Retained earnings US\$000	Capital contribution reserve US\$000	Available- for-sale reserve US\$000	Total shareholders' equity US\$000
Year ended 31 December 2014						
At 1 January 2014	220	2,568,993	318,286	14,719	5,577	2,907,795
Profit for the year	-	-	(37,543)	-	-	(37,543)
Other comprehensive income (net of tax)	-	-	-	-	(5,577)	(5,577)
Available-for-sale investments	-	-	-	-	(5,577)	(5,577)
Tax on items taken directly to equity - deferred	-	-	-	-	-	-
Total comprehensive income	-	-	(37,543)	-	(5,577)	(43,120)
At 31 December 2014	220	2,568,993	280,743	14,719	-	2,864,675

	Called up share capital US\$000	Share premium US\$000	Retained earnings US\$000	Capital contribution reserve US\$000	Available- for-sale reserve US\$000	Total shareholders' equity US\$000
Year ended 31 December 2013						
At 1 January 2013	220	2,568,993	520,074	14,719	11,168	3,115,174
Profit for the year	-	-	150,962	-	-	150,962
Other comprehensive income (net of tax)	-	-	-	-	(5,591)	(5,591)
Available-for-sale investments	-	-	-	-	(5,591)	(5,591)
Tax on items taken directly to equity - deferred	-	-	-	-	-	-
Total comprehensive income	-	-	150,962	-	(5,591)	145,371
Dividends paid	-	-	(352,750)	-	-	(352,750)
At 31 December 2013	220	2,568,993	318,286	14,719	5,577	2,907,795

Shareholders' equity is wholly attributable to equity shareholders.

The accounting policies and notes on pages 12 to 29 form an integral part of these financial statements.

1. Basis of preparation

(a) Compliance with International Financial Reporting Standards

The financial statements are presented in US Dollars, being the functional currency of the Company, and have been prepared on the historical cost basis except for financial instruments classified as available-for-sale (see note 2(e)).

International Financial Reporting Standards ('IFRSs') comprise accounting standards issued or adopted by the International Accounting Standards Board ('IASB') as well as interpretations issued or adopted by the IFRS Interpretations Committee ('IFRS IC').

The Company has prepared its financial statements in accordance with IFRSs as issued by the IASB and as endorsed by the EU. EU-endorsed IFRSs could differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU.

At 31 December 2014, there were no unendorsed standards effective for the year ended 31 December 2014 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company. Accordingly the Company's financial statements for the year ended 31 December 2014 are prepared in accordance with IFRSs as issued by the IASB.

During the year, the Company adopted a number of interpretations and amendments thereto which had an insignificant effect on the financial statements.

The Company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. The financial statements present information about the Company as an individual undertaking.

(b) Use of estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Note 14 contains information about the assumptions and the risk factors relating to impairment of subsidiaries and fair value of financial instruments respectively. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Future accounting developments

At 31 December 2014, a number of standards and amendments to standards had been issued by the IASB, which are not effective for the Company's financial statements as at 31 December 2014. None of these are expected to have a significant effect on the results or the net assets of the Company when adopted.

No other standards or interpretations available for early adoption are expected to have a significant effect on the results or net assets of the Company when adopted.

(d) Critical accounting estimates and judgements in applying accounting policies

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of our financial statements. The significant accounting policies are described in Note 2 on the financial statements.

The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgement involved, including the use of assumptions and estimation, are discussed below.

Impairment of interests in subsidiaries

The Company's accounting policy for impairment of interests in subsidiaries is set out in note 2f(ii). When an investment in a subsidiary is tested in accordance with IAS 36 'Impairment of Assets' to determine whether it is impaired, significant judgement is required in selecting and applying appropriate assumptions and estimates to determine the recoverable amount.

(e) General information

HSBC Asia Pacific Holdings (UK) Limited is a company domiciled and incorporated in England and Wales. Its registered office and principal place of business is 8 Canada Square, London, E14 5HQ, United Kingdom.

2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except where stated otherwise.

(a) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in the same statement in which the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the Company has a legal right to offset.

Deferred tax relating to fair value remeasurement of available-for-sale investments which is charged or credited directly to other comprehensive income, is also charged or credited to other comprehensive income and is subsequently recognised in the income statement when the deferred fair value gain or loss is recognised in the income statement.

(b) Foreign currencies

The financial statements are presented in US dollars, which is the Company's functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the end of the reporting period. Any resulting exchange differences are included in the income statement.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined. Any exchange component of a gain or loss on a non-monetary item is recognised in other comprehensive income.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

(c) Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

Dividend income is recognised in the income statement when the right to receive payment is established. This is the ex-dividend date for listed securities and usually the date when shareholders have approved the dividend for unlisted equity securities.

(d) Subsidiaries

The Company classifies investments in entities which it controls as subsidiaries. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in a subsidiary is recognised in the financial statements from the date that control commences until the date that control ceases.

The Company's investments in subsidiaries are stated at cost less any impairment losses (see note 2(f)). Any impairment loss recognised in prior periods is reversed through the income statement if, and only if, there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

(e) Financial assets and liabilities

(i) Financial assets – amounts due from subsidiary companies

Amounts due from subsidiary companies with a reliably estimated repayment date are initially recognised at fair value and are subsequently discounted using market interest rates to their amortised cost. Any adjustment is recognised as an increase in the investment in the subsidiary. The accretion of the adjustment is recognised as interest income over the duration of the loan.

(ii) Financial liabilities – amounts due to immediate parent company

Amounts due to the immediate parent company with a reliably estimated repayment date are initially recognised at fair value and are subsequently discounted using market interest rates to their amortised cost. Any adjustment is recognised as a capital contribution from the immediate holding company and is presented as part of the capital contribution reserve. The accretion of the adjustment is recognised as interest expense over the duration of the loan.

(iii) Available-for-sale

Available-for-sale financial assets are initially measured at fair value plus direct and incremental transaction costs. They are subsequently re-measured at fair value and changes therein are recognised in the 'Available-for-sale reserve' until the investments are either sold or become impaired. When available-for-sale financial assets are sold, cumulative gains or losses previously recognised in other comprehensive income are recognised in the income statement.

(iv) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition and include cash.

(v) Other payables

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Impairment of assets

(i) Impairment of financial investments and other receivables

Financial investments and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial investments are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective

evidence of impairment of an equity instrument includes a significant or prolonged decline in the fair value below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For available-for-sale financial investments, the cumulative loss that had been recognised directly in other comprehensive income is removed from other comprehensive income and is recognised in the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and the current fair value of the available-for-sale financial investment, less any impairment loss on that asset previously recognised in the income statement. Impairment losses recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.
- For receivables, an impairment loss is calculated as the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted at the receivable's original effective interest rate.

(ii) Impairment of investments in subsidiaries

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the investments in subsidiaries may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(g) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are recognised in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(h) Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received).

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison to similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Fair values are calculated by discounting future cash flows on financial instruments using equivalent current interest rates.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

(i) **Related parties**

Related parties of the Company include subsidiaries, key management personnel, close family members of key management personnel and entities which are controlled or jointly controlled by key management personnel or their close family members.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, being the Directors of the Company.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

3. Loss on disposal of subsidiaries

	2014 US\$000	2013 US\$000
Loss on partial disposal of PT Bank Ekonomi Raharja Tbk (note 8)	-	(1)

4. Impairment loss on a subsidiary

	2014 US\$000	2013 US\$000
Impairment loss on a subsidiary	(179,546)	(170,912)

As at 31 December 2014, the recoverable amount of PT Bank Ekonomi Raharja Tbk has been assessed to be lower than its carrying value and an impairment of US\$179,546,000 has been recognised (2013: US\$170,912,000). Further details are set out in note 8.

5. General and administrative expenses

	2014 US\$000	2013 US\$000
Bank charges	925	736
Financial statement audit fees	19	18
Other expenses	48	10
	<u>992</u>	<u>764</u>

There were no non-audit fees incurred during the year (2013: nil).

6. Emoluments of Directors and Employees

The Directors receive no emoluments in respect of their role in the Company. No staff were employed during the year (2013: nil), and consequently no employee costs were incurred (2013: nil).

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

7. Tax expense

Tax charged to the income statement

	2014 US\$000	2013 US\$000
Current tax		
UK corporation tax		
– for this year	(150)	(425)
– adjustments in respect of prior years	384	(959)
Overseas tax		
– for this year	3,523	8,185
Total current tax	3,757	6,801
Deferred tax		
Origination and reversal of temporary differences	-	(4,925)
	-	(4,925)
Total tax charged to the income statement	3,757	1,876

The UK corporation tax rate (blended rate) applying to the Company was 21.50% (2013: 23.25%).

Tax reconciliation

The following table reconciles the tax expense which would apply if all profits had been taxed at the UK corporation tax rate.

	2014 US\$000	Percentage of overall profit before tax %	2013 US\$000	Percentage of overall profit before tax %
(Loss)/ profit before tax	(33,786)		152,838	
Taxation at UK corporation tax rate of 21.50% (2013: 23.25%)	(7,264)	21.50	35,535	23.25
Adjustments in respect of prior period	384	(1.14)	(959)	(0.63)
Non taxable income and gains	(31,771)	94.04	(75,526)	(49.41)
Permanent disallowables	38,829	(114.93)	39,822	26.06
Local taxes and overseas withholding taxes	3,523	(10.43)	3,260	2.13
Other items	56	(0.16)	(256)	(0.17)
Overall tax expense	3,757	(11.12)	1,876	1.23

The main rate of corporation tax in the UK reduced from 23% to 21% on 1 April 2014 and will be further reduced to 20% on 1 April 2015. The reduction in the corporation tax rate to 20% was enacted through the 2013 Finance Act on 17 July 2013.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

Deferred Taxation

The following table shows the gross deferred tax assets and liabilities recognised in the statement of financial position and the related amounts recognised in the income statement, other comprehensive income and directly in equity.

	2014 US\$000	2013 US\$000
Tax provision on profit remittances from overseas		
At 1 January	-	4,925
Income statement	-	(4,925)
At 31 December	-	-

8. Investments in subsidiaries

	2014 US\$000	2013 US\$000
Cost		
At 1 January	2,379,526	2,765,401
Capital injection	199,932	-
Disposals	-	(370,001)
Capital repatriation from a subsidiary	-	(15,874)
At 31 December	2,579,458	2,379,526
Provision for impairment		
At 1 January	(170,912)	-
Provision for impairment loss (Note 4)	(179,546)	(170,912)
At 31 December	(350,458)	(170,912)
Net carrying amount as at 31 December	2,229,000	2,208,614

Explanation of additions, disposals and other

In 2014, the Company provided capital of US\$199,932,000 to HSBC Bank (Taiwan) Limited, a wholly owned subsidiary, through share subscription.

Due to the illiquidity of its share in the Indonesian Stock Exchange, BER placed a request for suspending the trading of its shares in February 2015 and was considering delisting from the Indonesian Stock Exchange and integrate the business operations of BER with the Indonesian branch of The Hongkong and Shanghai Banking Corporation Limited, the Company's immediate parent company, subject to, amongst other things, applicable laws and regulations.

Impairment loss

The Company's accounting policy for impairment of assets (other than financial assets) is described in Note 2(f). The following table sets out the investments in subsidiaries for which detailed impairment tests were undertaken and the assumptions used.

	2014				
	Carrying value before impairment at 31 December 2014 US\$000	Net Asset Value at 31 December 2014 US\$000	Value in Use at 31 December 2014 US\$000	Discount rate %	Nominal growth rate beyond initial cash flow projections %
Subsidiary					
PT Bank Ekonomi Raharja Tbk	511,183	258,820	331,637	14	6

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

Subsidiary	2013				
	Carrying value before impairment at 31 December 2013 US\$000	Net Asset Value at 31 December 2013 US\$000	Value in Use at 31 December 2013 US\$000	Discount rate %	Nominal growth rate beyond initial cash flow projections %
PT Bank Ekonomi Raharja Tbk	682,095	258,389	511,183	14	6

The process of identifying and evaluating impairment is inherently uncertain because it requires significant management judgement in making a series of estimations, the results of which are highly sensitive to the assumptions used. The impairment review represents management's best estimate of the factors below:

Nominal long-term growth rate: external data that reflects the market's assessment of GDP and inflation for the countries within which subsidiary operates; and

Discount rate: the rate used to discount the future expected cash flows is based on the cost of capital assigned to an individual subsidiary, and can have a significant effect on the subsidiary's valuation. The cost of capital percentage is generally derived from a Capital Asset Pricing Model, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium to reflect the inherent risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions outside management's control and are therefore established on the basis of significant management judgement and are subject to uncertainty; and

Management's judgement in estimating the cash flows: the future cash flows of each subsidiary is sensitive to the cash flows projected for the periods for which detailed forecasts are available, and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data in future years; however, the cash flow forecasts necessarily and appropriately reflect management's view of future business prospects at the time of the assessment.

When this exercise demonstrates that the expected cash flows of a subsidiary have declined and/or that its cost of capital has increased, the effect is to reduce the subsidiary's estimated recoverable amount. If this is lower than the carrying value of the subsidiary, a charge for impairment will be recognised in the Company's income statement for the year.

The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. In the event of a significant deterioration in economic and credit conditions compared with those reflected by management in the cash flow forecasts for the subsidiaries, a material adjustment to a subsidiary's recoverable amount may occur which may result in the recognition of an impairment charge in the income statement.

As at 31 December 2014, a value in use calculation was performed to derive the recoverable amount for PT Bank Ekonomi Raharja Tbk. As the recoverable amount is lower than its carrying value, an impairment loss of US\$179,546,000 was recognised (2013: US\$170,912,000) (see note 4).

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

The principal subsidiary undertakings of the Company at the end of the reporting period were:

Name of Undertaking	Class of Capital	Country of Incorporation	Principal Activity	Ownership Percentage 2014	Ownership Percentage 2013
HSBC Finance (Brunei) Berhad	Ordinary Shares	Brunei	Financial services	99.94%	99.94%
HSBC Insurance Brokers (Taiwan) Limited	Ordinary Shares	Taiwan	Insurance brokerage services	100%	100%
HSBC Australia Holdings Pty Limited	Ordinary Shares	Australia	Financial services	100%	100%
HSBC Fund Services (Korea) Limited	Ordinary Shares	Korea	Provision of accounting and other services	92.96%	92.96%
HSBC Iris Investments (Mauritius) Limited	Ordinary Shares	Mauritius	Investment Company	100%	100%
HSBC Securities (Japan) Limited	Ordinary Shares	UK	Securities Company	100%	100%
HSBC Securities (Taiwan) Corporation Ltd	Ordinary Shares	Taiwan	Securities Company	100%	100%
HSBC Investments New Zealand Limited	Ordinary Shares	New Zealand	Financial services	100%	100%
PT Bank Ekonomi Raharja Tbk	Ordinary Shares	Indonesia	Commercial Banking	98.94%	98.94%
HSBC Bank (Taiwan) Limited	Ordinary Shares	Taiwan	Commercial Banking	100%	100%

The principal countries of operation are the same as the countries of incorporation except for HSBC Securities (Japan) Limited which operates mainly in Japan.

9. Financial investment

	2014 US\$000	2013 US\$000
Available-for-sale :		
Fair value as at 31 December	10,042	23,292
Cost as at 31 December	16,439	29,625
Provision for impairment at 31 December	(6,397)	(11,911)

10. Cash and cash equivalents

	2014 US\$000	2013 US\$000
Cash at bank with other group undertakings	625,615	675,509
	625,615	675,509

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

11. Amounts due to immediate parent company

	2014 US\$000	2013 US\$000
At 1 January	27	52,112
Borrowings in the year	66	30
Repayment.....	-	(52,080)
Exchange differences	-	(35)
	<u>93</u>	<u>27</u>

The amount due to the immediate parent, The Hongkong and Shanghai Banking Corporation Limited, is non-interest bearing and repayable on demand.

12. Capital and Reserves

(a) Ordinary shares

	2014 Number of shares	2014 £	2014 US\$
Issued and fully paid			
Ordinary share of £1 each	<u>5</u>	<u>5</u>	<u>8</u>

	2013 Number of shares	2013 £	2013 US\$
Issued and fully paid			
Ordinary share of £1 each	<u>5</u>	<u>5</u>	<u>8</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Redeemable preference shares

	2014 Number of shares	2014 US\$000
Issued and fully paid:		
Redeemable preference shares of US\$100 each	<u>2,200</u>	<u>220</u>

	2013 Number of shares	2013 US\$000
Issued and fully paid:		
Redeemable preference shares of US\$100 each	<u>2,200</u>	<u>220</u>

The holders of redeemable preference shares are entitled, in priority to the payment of any dividend to the holders of Ordinary Shares in the Company's share capital, to a non-cumulative, preferential dividend payable at such rate, on such dates and on such other terms and conditions as may be determined by the Company. There is no date fixed for redemption. As the Company has the sole discretion on the redemption of shares and the dividend payment, there is no contractual obligation to deliver cash or another financial asset to the holder of the shares.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium is governed by Section 610 (2-3) of the Companies Act 2006.

(ii) Available-for-sale reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale financial investments held at the end of the reporting period and is dealt with in accordance with the accounting policies set out in note 2(e).

(iii) Capital contribution reserve

The capital contribution reserve comprises the adjustment on non-interest bearing amounts due to the immediate parent company in prior years, which was recognised as an additional capital contribution from the immediate parent company.

(d) Capital management

In line with HSBC Group's policy, the Company is to maintain a strong capital base to support the development of its business. The Company recognises the impact on shareholder returns of the level of equity capital employed and seeks to maintain a prudent balance between the advantages and flexibility afforded by a strong capital position and the higher returns on equity.

An annual group capital plan is prepared and approved by the HSBC Group's Board. The Company manages its own capital within the context of the plan, which determines an appropriate amount and mix of capital required to support planned business growth. As part of HSBC's capital management policy, capital generated in excess of planned requirements is returned to shareholders, normally by way of dividends.

The principal forms of capital are included in the following balances on the statement of financial position: called up share capital, share premium, capital contribution reserve, available-for-sale reserve and retained earnings. The company is not subject to externally exposed capital requirements.

13. Dividends

No dividend was paid or declared in respect of the year ended 31 December 2014. In 2013, a dividend of US\$352,750,000 was declared and paid on the Company's redeemable preference shares (US\$160,340.91 per share).

14. Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments: credit risk, liquidity risk, equity price risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

Exposure to credit risk, liquidity risk, investment risk and market risk arises in the normal course of the Company's business. The Company's risk management policies are consistent with the HSBC Group's risk management policies.

(a) Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract. It arises principally from financial investments and loans and advances.

Credit risk for the Company arises mainly from balances due from subsidiaries or from other group companies. Management has a policy to monitor the credit risks of these exposures on an ongoing basis. At the end of the reporting period, there was no significant credit risk. The maximum exposure

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. No amounts were past due.

(b) Liquidity risk management

The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, including the terms of borrowings from other group entities, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities or committed lines of funding (from major financial institutions or other group companies) to satisfy its contractual and reasonably foreseeable obligations as they fall due.

The following table presents the earliest contractual settlement dates of the Company's financial liabilities at the end of the reporting period based on undiscounted contractual cash flows.

2014			
	More than 3 months but less than 6 months US\$000	No fixed term of repayment US\$000	Total US\$000
Creditors and accruals			
- other liabilities.....	80	-	80
Amounts due to immediate parent company	-	93	93
	80	93	173

2013			
	More than 3 months but less than 6 months US\$000	No fixed term of repayment US\$000	Total US\$000
Creditors and accruals			
- other liabilities.....	18	-	18
Amounts due to immediate parent company	-	27	27
	18	27	45

The amount due to creditors and accruals are covered by the Company's cash and cash equivalents. The loans from the immediate parent company are mainly used for acquisitions of and investments in subsidiaries.

(c) Interest rate risk

Cash and cash equivalents of the Company are subject to short term interest rate repricing and are not subject to significant interest rate risk. Other financial assets and liabilities are non-interest bearing.

(d) Foreign currency risk

The Company is exposed to foreign currency risk primarily through investments in Asia Pacific where the investment costs are denominated in foreign currencies other than the functional currency of the Company. The currencies giving rise to this risk are primarily Australian dollars, Korean won, New Taiwan dollars, Indonesian Rupiah, Japanese Yen and Brunei dollars. The Company is exposed to changes in the fair value of its investments as a result of movement in exchange rates of the above currencies.

The exchange gain recognised in the income statement in 2014 mainly relates to the dividend income received from HSBC Bank (Taiwan) Limited.

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

(e) Equity price risk

The Company is exposed to equity price changes arising from the equity investment classified as an available-for-sale financial investment (see note 9). The investment is unquoted and is held for long term investment purposes. The performance of the investment is assessed quarterly based on the financial information on the equity instrument.

The following table indicates the approximate change in the Company's profit after tax (and retained profits) and other components of equity in response to reasonably possible changes in the net asset value of the equity investment.

	2014		2013	
	Increase / (decrease) in the relevant risk variable	Effect on available-for-sale reserve US\$000	Increase / (decrease) in the relevant risk variable	Effect on available-for-sale reserve US\$000
Net asset value in respect of unlisted investment	20%	2,008	20%	4,658
	(20)%	<u>(2,008)</u>	(20)%	<u>(4,658)</u>

The sensitivity analysis has been determined assuming that the reasonably possible changes in the net asset value had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair value of the Company's equity investment would change in accordance with the net asset value. As a result of a reasonably possible decrease in the net asset value with all other variables remaining constant, none of the Company's available-for-sale investment would be considered impaired. The stated changes represent management's assessment of reasonably possible changes in the net asset value over the period until the next annual reporting period.

15. Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

IFRS 13, Fair value measurement categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuation: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuation: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuation: Fair value measured using significant unobservable inputs

During the year ended 31 December 2013 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

	2014			
	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Available-for-sale investment:	-	-	10,042	10,042

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

	2013		
	Level 1	Level 2	Level 3
Assets	US\$000	US\$000	US\$000
Available-for-sale investment:	-	-	23,292
			23,292

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2014 Total US\$000	2013 Total US\$000
Available-for-sale investment:		
At 1 January	23,292	27,686
Additions	-	2,814
Disposals	(9,374)	(2,814)
Impairment taken to the profit and loss	(368)	-
Net unrealised gains/(losses) recognised in statement of comprehensive income	(3,508)	(4,394)
At 31 December	10,042	23,292

In 2013, the disposal proceeds of US\$2,814,000 were re-invested to the available-for-sale investment.

The fair value of available-for-sale investment is estimated as being the net asset value of the investment at 31 December 2014.

Effects of changes in significant non-observable assumptions to reasonably possible alternatives

As discussed above, the fair values of financial instruments are, in certain circumstances, measured using valuation models that incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the sensitivity of fair values to reasonably possible alternative assumptions:

	Reflected in other comprehensive income	
	Favourable changes US\$000	Unfavourable changes US\$000
At 31 December 2014		
Financial investments: available-for-sale.....	1,004	(1,004)
At 31 December 2013		
Financial investments: available-for-sale.....	2,329	(2,329)

Favourable and unfavourable changes are determined on the basis of sensitivity analysis. The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95% confidence interval. Methodologies take account of the nature of the valuation technique employed, as well as the availability and reliability of observable proxy and historical data. When the available data is not amendable to statistical analysis, the quantification of uncertainty is judgemental, but remains guided by the 95% confidence interval.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the above table reflects the most favourable or the most unfavourable change from varying the assumptions individually.

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Notes on the Financial Statements (continued)

Quantitative information about significant unobservable inputs in Level 3 valuations

At 31 December 2014

Valuation technique	Key unobservable inputs	Assets fair value US\$000	Liability fair value US\$000	Range of inputs	
				Lower	Higher
Private equity including strategic investments					
Net asset value	Fund valuation	10,042	-	n/a	n/a

Key unobservable inputs to Level 3 financial instruments

The table above lists key unobservable inputs to Level 3 financial instruments, and provides the range of those inputs as at 31 December 2014.

The Company's private equity and strategic investments are generally classified as available-for-sale and are not traded in active markets. In the absence of an active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors, as well as by reference to market valuations for similar entities quoted in an active market, or the price at which similar companies have changed ownership. Given the bespoke nature of the analysis in respect of each holding, it is not practical to quote a range of key unobservable inputs.

(b) Fair values of financial instruments carried at other than fair value

The Company's assets and liabilities include cash and cash equivalents, amounts due to immediate parent company and other payables. These are carried at cost or amortised cost which approximate their fair values as at 31 December 2014 and 2013.

16. Capital commitments

	2014 US\$000	2013 US\$000
Expenditure contracted for	<u>1,882</u>	<u>1,845</u>

The capital commitments mainly relate to the commitment to increase the investment in a private equity fund.

17. Related party transactions

	Notes	2014 US\$000	2013 US\$000
Cash at bank ¹		625,615	675,509
Investments in subsidiaries ²	8	<u>2,229,000</u>	<u>2,208,614</u>
Total related party assets		<u>2,854,615</u>	<u>2,884,123</u>
Amount owed to HSBC undertakings ³	11	<u>93</u>	<u>27</u>
Total related party liabilities		<u>93</u>	<u>27</u>

¹ These balances are with other related parties comprising of other HSBC Group Companies which are neither a parent nor subsidiary of the Company

² These balances are with subsidiaries of the Company

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

³ These balances are with The Hongkong and Shanghai Banking Corporation Limited, the parent of the Company

The above outstanding balances arose in the ordinary course of business and are on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties. Further explanations of material related party balances are below:

Investments in subsidiaries – Details of changes in investments in subsidiaries are set out in Note 8.

Loans from HSBC undertakings – The Company received US\$66,000 from the parent company during the year (2013: The Company received US\$30,000 from the parent company).

Other related party transactions

Share capital – During the year, no shares were allotted to the parent (2013: nil).

Dividends received – The Company received dividends of US\$103 million from HSBC Australia Holdings Pty Limited (2013: US\$123 million), US\$29 million from HSBC Bank (Taiwan) Limited (2013: US\$75 million), US\$2 million from HSBC Securities (Taiwan) Limited (2013: US\$2 million), US\$4 million from HSBC Insurance Broker (Taiwan) Limited (2013: US\$4 million), US\$8 million from HSBC Finance (Brunei) Berhad and nil from HSBC Iris Investments (Mauritius) Limited (2013: US\$118 million).

Key Management Personnel – During the year, there are no transactions (2013: nil) with key Management Personnel.

18. Immediate and ultimate controlling party

The Hongkong and Shanghai Banking Corporation Limited, its immediate parent company, is the Company's direct controlling party and HSBC Holdings plc is the Company's ultimate controlling party. Both the immediate and ultimate parent companies produce consolidated financial statements for public use.

The result of the Company is included in the Group financial statements of HSBC Holdings plc.

Copies of the group financial statements of HSBC Holdings plc may be obtained from the following address:

HSBC Holdings plc
8 Canada Square
London
E14 5HQ
www.hsbc.com

Copies of the financial statements of The Hongkong and Shanghai Banking Corporation Limited are available upon request from the following address:

Level 32, HSBC Main Building
1 Queen's Road Central
Hong Kong
www.hsbc.com.hk

19. Contingent liabilities

There were no contingent liabilities at 31 December 2014 (2013: nil).

20. Subsequent events

On 16 February 2015, PT Bank Ekonomi Raharja Tbk ('BER'), which is 98.94% owned by the Company, has announced that it is planning to change its status from a public listed company to a private company and to delist from the Indonesia Stock Exchange ('the Transactions') due to the illiquidity of its shares. The

HSBC ASIA PACIFIC HOLDINGS (UK) LIMITED

Notes on the Financial Statements (continued)

Transactions are subject to the approval of BER's independent shareholders at an extraordinary general meeting and to the approval of the Indonesian Financial Services Authority.

As a result of the above, HSBC Holdings plc will plan for an integration of the business operations of Bank Ekonomi and HSBC's Indonesian branch, subject to, amongst other things, applicable laws and regulations.