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In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is NOT**
You cannot use this form an alteration of manner with accounting require

WEDNESDAY

A7BVBHYB
A11 08/08/2018 #173
COMPANIES HOUSE

Part 1 Corporate company name

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

Corporate name of overseas company ❶	HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN BHD
UK establishment number	B R 0 0 7 3 0 5

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ❷ MALAYSIAN FINANCIAL REPORTING STANDARDS

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?
Please tick the appropriate box.

☐ **No.** Go to **Section A3.**
☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸ MALAYSIAN ACCOUNTING STANDARDS BOARD

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5.**
☑ **Yes.** Go to **Section A4.**

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	MALAYSIAN INSTITUTE OF ACCOUNTANTS	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? *Please tick the appropriate box.* ☐ **No.** ☐ **Yes.**

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature	Signature **X** [signature] **X**
	This form may be signed by: Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name RHYS WILLIAMS

Company name HSBC GLOBAL SERVICES LIMITED

Address 8 CANADA SQUARE

Post town LONDON

County/Region

Postcode E 1 4 5 H Q

Country UNITED KINGDOM

DX

Telephone 020 3268 3823

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Company No.

587320	H

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of electronic data processing. There has been no significant change in the nature of this principal activity during the financial year.

FINANCIAL RESULTS

	RM'000
Profit for the financial year	45,201

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

ISSUE OF SHARES AND DEBENTURES

There were no material issues of shares or debentures during the financial year under review.

DIVIDEND

Since the end of the previous financial year, the Company had paid on 15 July 2017, a final single-tier dividend of RM0.304 net per ordinary share totalling RM39,847,940 in respect of the year ended 31 December 2016.

The Directors proposed to declare dividend in respect of the current financial year at the forthcoming Annual General Meeting, with the amount to be decided at a later date subsequent to the date of the report.

HOLDING COMPANIES

The Directors regard HSBC Global Services Limited and HSBC Holdings plc, companies incorporated in United Kingdom, as the immediate and ultimate holding companies of the Company respectively.

Company No.

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HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors in office during the financial year end and during the period from the end of the financial year to the date of this report are:

Cyril Duffy	
Deveshwar Dayal Mathur	
James Mackie Gossip	
Saw Say Pin	
Neeti Mahajan	(appointed on 1 August 2017)
Paul Anthony Raddon	(appointed on 2 January 2018)
Rajiv Jayant Patkar	(resigned on 25 April 2017)
Subir Mehra	(resigned on 13 December 2017)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares of USD0.50 each			
	As at 1.1.2017	Acquired	Disposed	As at 31.12.2017
HSBC Holdings plc				
Cyril Duffy	20,336	1,062	(19,822)	1,576
Deveshwar Dayal Mathur	2,588	153	-	2,741
James Mackie Gossip	5,000	9,896	-	14,896
Saw Say Pin	20,884	2,379	-	23,263
Neeti Mahajan	1,196	-	-	1,196

	Number of shares			
	Shares held at 1.1.2017	Shares issued during the year	Shares vested during the year	Shares held at 31.12.2017
HSBC Holdings plc				
Restricted Share Plan				
Cyrill Duffy	5,189	1,479	(3,188)	3,480
Deveshwar Dayal Mathur	4,647	1,704	(2,335)	4,016
James Mackie Gossip	23,058	6,817	(12,733)	17,142

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Number of options			
	At 1.1.2017	Granted	Exercised/ (Lapsed)	At 31.12.2017
Sharematch over HSBC Holdings plc shares				
Cyril Duffy	883	1,114	(705)	1,292
Deveshwar Dayal Mathur	1,487	696	-	2,183
James Mackie Gossip	1,476	600	(775)	1,301
Saw Say Pin	1,113	1,053	-	2,166

None of the other Directors holding office at 31 December 2017 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body, except for:

(i) Directors who were granted the option to subscribe for shares in the ultimate holding company, HSBC Holdings plc, under the Executive/Savings-Related Share Option Schemes at prices and terms as determined by the option schemes; and

(ii) Directors who were conditionally awarded shares of the ultimate holding company, HSBC Holdings plc, under its Restricted Share Plan.

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or provide for any doubtful debts, or

(ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with this report for financial statements of the Company which would rendered any amount stated in the respective financial statements misleading.

Company No	
587320	H

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 15 to the financial statements.

AUDITOR'S REMUNERATION

Details of auditor's remuneration are set out in Note 11 to the financial statements.

SIGNIFICANT AND SUBSEQUENT EVENTS

There were no significant events and events subsequent to the date of the statement of financial position that require disclosure or adjustments to the audited financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership

This report was approved by the Board of Directors on 25 June 2018. Signed on behalf of the Board of Directors.

NEETI MAHAJAN
DIRECTOR

SAW SAY PIN
DIRECTOR

Kuala Lumpur

Date. 25 June 2018

Company No	
587320	H

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Neeti Mahajan and Saw Say Pin, two of the Directors of HSBC Electronic Data Processing (Malaysia) Sdn. Bhd , do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 52 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and financial performance of the Company for the financial year ended 31 December 2017 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 June 2018.

NEETI MAHAJAN
DIRECTOR

SAW SAY PIN
DIRECTOR

Kuala Lumpur,

Date 25 June 2018

Company No.	
587320	H

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Rosamund Tang Wei Yee, the officer primarily responsible for the financial management of HSBC Electronic Data Processing (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 12 to 52 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ROSAMUND TANG WEI YEE
(MIA membership no.: 14157)

Subscribed and solemnly declared by the above named at Kuala Lumpur, Malaysia on 25 June 2018,

Before me:

PESURUHJAYA SUMPAH
W 703
MOHD FITRY ABDUL GHANI
01/01/2018 - 31/12/2018
MALAYSIA

COMMISSIONER FOR OATHS

NO. 58A, JALAN BUKIT RAJA
TAMAN SEPUTEH, 58000 KUALA LUMPUR

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)
(Company No. 587320-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of HSBC Electronic Data Processing (Malaysia) Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 52.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
(Company No. 587320-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.(CONTINUED)
(Incorporated in Malaysia)
(Company No. 587320-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SOO HOO KHOON YEAN
02682/10/2019 J
Chartered Accountant

Kuala Lumpur
25 June 2018

Company No.	
587320	H

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
ASSETS			
Property and Equipment	4	11,608	7,830
Total non-current assets		11,608	7,830
Other receivables	5	7,710	7,405
Amount due from holding companies	15	110,661	102,886
Amount due from related companies	15	14,473	9,730
Tax recoverable		7,341	7,571
Derivative financial assets	9	9,361	-
Cash and cash equivalents	6	120,075	141,949
TOTAL CURRENT ASSETS		269,621	269,541
TOTAL ASSETS		281,229	277,371
LIABILITIES			
Trade and other payables	8	56,694	49,651
Provision for taxation		94	82
Amount due to holding companies	15	3,073	1,089
Amount due to related companies	15	3,398	3,131
Derivative financial liabilities	9	-	10,597
TOTAL CURRENT LIABILITIES		63,259	64,550
EQUITY			
Share capital	7	132,219	131,079
Share premium	7	-	1,140
Translation reserve	7	(123)	(193)
Capital contribution reserve	7	(184)	16
Retained earnings		86,058	80,779
TOTAL EQUITY		217,970	212,821
TOTAL EQUITY AND LIABILITIES		281,229	277,371

The accompanying notes form an integral part of these financial statements.

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	10	458,984	428,077
Interest income		951	1,039
Staff costs		(310,564)	(308,432)
Depreciation of property and equipment	4	(4,412)	(4,740)
Other operating expenses	11	(99,517)	(73,276)
Profit before tax		45,442	42,668
Tax expense	12	(241)	(245)
Profit for the financial year		45,201	42,423
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operation		70	(188)
Total comprehensive income for the financial year		45,271	42,235

The accompanying notes form an integral part of these financial statements.

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Non-distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Capital contribution reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2017	131,079	1,140	(193)	16	80,779	212,821
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	45,201	45,201
Foreign currency translation differences for foreign operation	-	-	70	-	-	70
Transition to no par value regime on 31 January 2017 (Note 7 (a))	1,140	(1,140)	-	-	-	-
	132,219	-	(123)	16	125,980	258,092
Transaction with ultimate holding company, recorded directly in equity						
Share-based payment transactions	-	-	-	(200)	(74)	(274)
Dividends to owners of the Company (Note 13)	-	-	-	-	(39,848)	(39,848)
At 31 December 2017	132,219	-	(123)	(184)	86,058	217,970
	Note 7	Note 7	Note 7	Note 7		

The accompanying notes form an integral part of these financial statements.

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	Non-distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Capital contribution reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2016	131,079	1,140	(5)	8,354	61,623	202,191
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	42,423	42,423
Foreign currency translation differences for foreign operation	-	-	(188)	-	-	(188)
	131,079	1,140	(193)	8,354	104,046	244,426
Transaction with ultimate holding company, recorded directly in equity						
Share-based payment transactions	-	-	-	(8,338)	7,668	(670)
Dividends to owners of the Company (Note 13)	-	-	-	-	(30,935)	(30,935)
At 31 December 2016	131,079	1,140	(193)	16	80,779	212,821
	Note 7	Note 7	Note 7	Note 7		

The accompanying notes form an integral part of these financial statements.

Company No.

587320	H

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	45,442	42,668
Adjustments for:		
Loss/ (gain) on disposal of equipment	59	(160)
Depreciation of property and equipment	4,412	4,740
Interest income	(951)	(1,039)
Share-based payment transactions	(274)	(670)
Unrealised gain from revaluation of derivative	(19,958)	(5,342)
Unrealised foreign exchange loss/(gain)	11,201	(2,081)
Operating profit before changes in working capital	39,931	38,116
Changes in other receivables	(305)	(1,220)
Changes in trade and other payables	7,043	(8,059)
Changes in amount due from/to holding company	2,966	2,194
Changes in amount due from/to related companies	(4,476)	(4,174)
Changes in derivative financial assets/liabilities	(19,958)	(5,341)
Cash generated from operating activities	25,201	21,516
Income tax refund	1	87
Net cash generated from operating activities	25,202	21,603
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,450)	(682)
Proceeds from disposal of property and equipment	201	172
Interest received	951	1,039
Net cash (used in)/generated from investing activities	(7,298)	529
CASH FLOWS FROM FINANCING ACTIVITY		
Dividend paid	(39,848)	(30,935)
Net cash used in financing activity	(39,848)	(30,935)

The accompanying notes form an integral part of these financial statements.

Company No.

587320	H

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	Note	2017 RM'000	2016 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(21,944)	(8,803)
Effect of currency translation		70	(188)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		141,949	150,940
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		120,075	141,949
Cash and cash equivalents comprise the following:			
Cash and bank balances	6	52,998	141,949
Deposits placed with a licensed bank	6	67,077	-
		120,075	141,949

The accompanying notes form an integral part of these financial statements.

1 GENERAL INFORMATION

HSBC Electronic Data Processing (Malaysia) Sdn. Bhd. is a private company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business:

3500, Jalan Teknokrat 3
63000 Cyberjaya
Selangor Darul Ehsan
Malaysia

Registered office:

Suite 1005, 10th Floor
Wisma Hamzah Kwong Hing
1 Leboh Ampang
50100 Kuala Lumpur
Malaysia

The Company is principally engaged in the business of electronic data processing.

The immediate and ultimate holding companies during the financial year are HSBC Global Services Limited and HSBC Holdings plc. Both companies are incorporated in United Kingdom.

The financial statements were authorised for issue by the Board of Directors on 25 June 2018.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

(i) Standards and amendments to published standards that are effective

The amendments to published standards that are effective and applicable to the Company for the financial year beginning on 1 January 2017 are as follows:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'

The adoption of Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financial activities. No additional disclosure required for the Company as there are no financing activities during the year. Other than that, the adoption of these amendments did not have any impact on the current year or any prior period and is not likely to affect future periods.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards have been issued but not yet effective

The Company will apply these standards, amendments to published standards from:

a. Financial year beginning on/after 1 January 2018:

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires and entity to use the exchange rate at the 'date of transaction' to record foreign currency transactions.

  IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

  The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

  If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

- MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and financial liabilities, impairments of financial assets and hedge accounting. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (OCI). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards have been issued but not yet effective (continued)

The Company will apply these standards, amendments to published standards from (continued):

a. Financial year beginning on/after 1 January 2018 (continued):

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (i.e. the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with MFRS 139. However, based on a assessment of financial assets performed to date and expectations around changes to balance sheet composition, the Company expect that the overall impact of any change will not be significant.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates and accounting mismatch.

Impairment

MFRS 9 introduces an expected credit loss model (ECL) on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards have been issued but not yet effective (continued)

The Company will apply these standards, amendments to published standards from (continued):

a. Financial year beginning on/after 1 January 2018 (continued):

Impairment (continued)

The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in 'stage 3'. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Disclosures

MFRS 9 requires more extensive disclosures especially in the area of ECL. The required disclosures will be made in the financial statements of the Company for the financial year ended 31 December 2018.

The requirements of MFRS 9 'Financial Instruments' will be adopted from 1 January 2018. MFRS 9 includes an accounting policy choice to continue with MFRS 139 hedge accounting, which the Company have exercised, although the Company will implement the revised hedge accounting disclosures required by the related amendments to MFRS 7 'Financial Instruments: Disclosures'. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods. The Company do not intend to restate comparatives.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards have been issued but not yet effective (continued)

The Company will apply these standards, amendments to published standards from (continued):

a. Financial year beginning on/after 1 January 2018 (continued):

- MFRS 15 'Revenue from contracts with customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control or goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:

  - Identify contracts with customers
  - Identify the separate performance obligations
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied

  Key provisions of the new standard are as follows:

  - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
  - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards have been issued but not yet effective (continued)

The Company will apply these standards, amendments to published standards from (continued):

b. Financial year beginning on/after 1 January 2019:

- MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards have been issued but not yet effective (continued)

The Company will apply these standards, amendments to published standards from (continued):

b. Financial year beginning on/after 1 January 2019: (continued)

- Amendments to MFRS 9 'Prepayment features with negative compensation' allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  - Amendments to MFRS 112 'Income Taxes' clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 'Borrowing Costs' clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

  The initial application of above accounting standards, amendments and interpretation are not expected to have any material financial impacts to the current and prior year's financial statements of the Company upon their first adoption, other than MFRS 9.

  The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

2 BASIS OF PREPARATION (CONTINUED)

(b) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company.

(a) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designed into this category upon initial recognition.

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are initially recognised, and are subsequently remeasured, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivative assets and liabilities arising from different transactions are only offset for accounting purposes if the offsetting criteria are met.

Derivatives are classified as assets when their fair value is positive, or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Other financial assets categorised as fair value through profit or loss are subsequently, measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loan and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in active market. If collection of the amount is expected in one year or less, they are classified as current assets. If not they are presented as non-current assets. Loans and receivables category comprises other receivables, cash and cash equivalents, amount due from and to holding companies and related companies.

Financial assets categorised as loan and receivables are subsequently measured at amortised cost using effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 3(g)(i)).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

The Company categorises financial instruments as follows: (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives are classified as assets when their fair value is positive, or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gain or loss in profit or loss.

(iii) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property and Equipment

(i) Recognition and measurement

Equipment, fixtures and motor vehicles are stated at cost less any accumulated depreciation and any accumulated impairment losses. Capital work-in-progress is stated at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The gain or losses on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over their estimated useful lives of each part of an item of equipment. Assets costing less than RM400 are fully depreciated in the year of purchase. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property and Equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 - 5 years
Fixtures and fittings	5 years
Telecom equipment	5 years
Building renovations	5 years or over the unexpired period of the lease

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(c) Leased assets

Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are expected to be paid when the liabilities are settled and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plan

As required by the law, the Company makes contributions to the Employees Provident Fund (EPF), the national defined contribution plan and recognises such contribution as an expense in the profit or loss as incurred. Once the contributions have been paid, the Company has no further payment obligations.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Share-based payment transactions

The Company's ultimate holding company operates a number of equity-settled share based payment arrangements with the Company's employees as compensation for services provided by the employees. Equity-settled share based payment arrangements entitle employees to receive equity instruments of the ultimate holding company, HSBC Holdings plc.

The cost of share-based payment arrangements with employees is measured by reference to the fair value of equity instruments on the date they are granted, and recognised as an expense on a straight-line basis over the vesting period. The vesting period is the period during which all the specified vesting conditions of a share based payment are to be satisfied. The fair value of equity instruments that are made available immediately, with no vesting period attached to the award, are expensed immediately.

Fair value is determined by using market prices or appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. Vesting conditions include service conditions and performance conditions; any other features of a share-based payment arrangement are non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account when estimating the fair value of equity instruments at the date of grant, so that an award is treated as vesting irrespective of whether the market performance condition is satisfied, provided all other conditions are satisfied.

Vesting conditions, other than market performance conditions, are not taken into account in the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, so that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On a cumulative basis, no expense is recognised for equity instruments that do not vest because of a failure to satisfy non-market performance or service conditions.

Where an award has been modified, as a minimum, the expense of the original award continues to be recognised as if it had not been modified. Where the effect of a modification is to increase the fair value of an award or increase the number of equity instruments, the incremental fair value of the award or incremental fair value of the extra equity instruments is recognised in addition to the expense of the original grant, measured at the date of modification, over the modified vesting period.

A cancellation that occurs during the vesting period is treated as an acceleration of vesting, and recognised immediately for the amount that would otherwise have been recognised for services over the vesting period.

The Company's ultimate parent, HSBC Holdings plc, grants its shares to the Company's employees under various vesting conditions and the Company has the obligation to acquire shares to deliver to the employees upon vesting. Equity-settled share-based payment transactions are measured at fair value at grant date and the compensation expense is recognised over the vesting period. The corresponding amount is credited to "Capital Contribution Reserve".

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Share-based payment transactions (continued)

Where the ultimate holding company recharges the Company for the equity instruments granted, the recharge is recognised over the vesting period.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with a licensed bank.

(g) Impairment of assets

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in the profit and loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the time value of money and the risks specific to the asset or cash-generating unit.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of assets (continued)

(ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial 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 financial years.

The Company provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities. 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 using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for if it is arises from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Foreign currencies

(i) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(iii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of the UK branch operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of the UK branch operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

The closing rates for the translation of foreign currency monetary assets and liabilities are as follows:

1 GBP	RM5.4813	(2016: 1 GBP	RM5.5263)
1 USD	RM4.0573	(2016: 1 USD	RM4.4839)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue and other income

(i) Data processing fees

Revenue from data processing is recognised based on the processing carried out, as per the terms of the contract.

(ii) Project management fees

Project management fees are recognised and billed monthly on a cost plus basis.

(iii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(k) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

4 PROPERTY AND EQUIPMENT

	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Fixture and fittings RM'000	Telecom equipment RM'000	Building renovations RM'000	Under construction RM'000	Total RM'000
Cost								
At 1 January 2016	466	1,634	27,193	5,531	20,498	49,185	1,208	105,715
Additions	74	111	276	80	141	-	-	682
Transfer	-	-	-	26	-	1,182	(1,208)	-
Disposals	(466)	(19)	(1,001)	(48)	(2,475)	-	-	(4,009)
At 31 December 2016/ 1 January 2017	74	1,726	26,468	5,589	18,164	50,367	-	102,388
Additions	-	146	626	1,883	607	5,188	-	8,450
Disposals	(74)	(102)	(3,302)	(2,647)	(3,450)	(19,570)	-	(29,145)
At 31 December 2017	-	1,770	23,792	4,825	15,321	35,985	-	81,693
Accumulated Depreciation								
At 1 January 2016	466	671	24,914	5,036	18,502	44,228	-	93,817
Charge for the financial year	1	239	960	146	699	2,695	-	4,740
Disposals	(466)	(16)	(997)	(48)	(2,472)	-	-	(3,999)
At 31 December 2016/ 1 January 2017	1	894	24,877	5,134	16,729	46,923	-	94,558
Charge for the financial year	7	248	996	274	634	2,253	-	4,412
Disposals	(8)	(86)	(3,290)	(2,544)	(3,387)	(19,570)	-	(28,885)
At 31 December 2017	-	1,056	22,583	2,864	13,976	29,606	-	70,085

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NOTES TO THE FINANCIAL STATEMENTS
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4 PROPERTY AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Office equipment RM'000	Computer equipment RM'000	Fixture and fittings RM'000	Telecom equipment RM'000	Building renovations RM'000	Under construction RM'000	Total RM'000
Net Book Value								
At 31 December 2016	73	832	1,591	455	1,435	3,444	-	7,830
At 31 December 2017	-	714	1,209	1,961	1,345	6,379	-	11,608

5 OTHER RECEIVABLES

	2017 RM'000	2016 RM'000
Trade receivables	223	86
Deposits	4,105	4,390
Prepayments	1,688	1,470
GST - Input Tax Recoverable	1,694	1,459
	7,710	7,405

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts:

	2017 RM'000	2016 RM'000
Deposits placed with a licensed bank	67,077	-
Cash and bank balances	52,998	141,949
	120,075	141,949

Deposits placed with a licensed bank are short term in nature and bear interest at rates ranging from 0.80% to 1.01% (2016: Nil) per annum.

Cash and bank balances are placed with HSBC Bank Malaysia Berhad, a licensed bank and a related company, and bear interest at rates ranging from 2.08% to 2.47% (2016: 2.05% to 2.66%) per annum.

7 CAPITAL AND RESERVES

(a) Share capital

	2017		2016	
	Amount	Number of shares	Amount	Number of shares
	RM'000	'000	RM'000	'000
Ordinary shares of RM1.00 each:				
Authorised [1]	-	-	150,000	150,000
At 1January, ordinary shares of RM1.00 each	131,079	131,079	131,079	131,079
Transition to no par value regime on 31 January 2017[2]	1,140	-	-	-
At 31 December, ordinary shares with no par value (2016: par value of RM1.00 each)	132,219	131,079	131,079	131,079

[1] The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital.

[2] Prior to 31 January 2017, the application of the share premium account was governed by Sections 60, 61 and 67A of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016, on 31 January 2017 any amount standing to the credit of the share premium account has become part of the Company's share capital.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(c) Capital contribution reserve

Capital contribution reserve comprises the fair value of equity settled share-based payment transactions recognised over the vesting period.

8 TRADE AND OTHER PAYABLES

	2017 RM'000	2016 RM'000
Provision for bonus	36,759	38,356
Accrued staff incentive cost	909	728
Accrued external training	506	1,185
Accrued legal and professional fees	10,871	5,059
Accrued travel expenses	1,088	639
Accrued building maintenance	1,099	1,616
Accrued IT costs	1,609	458
Accrued others	2,480	421
GST - output tax payable	1,373	1,189
	56,694	49,651

9 DERIVATIVE FINANCIAL INSTRUMENTS

	2017		2016	
	Contract/ Notional Amount RM'000	Assets '000	Contract/ Notional Amount RM'000	Liabilities '000
Fair value through profit and loss: Forward exchange contracts (Maturity less than one year)	183,771	9,361	153,966	10,597

10 REVENUE

	2017 RM'000	2016 RM'000
Data processing fees	458,984	428,077

11 OTHER OPERATING EXPENSES

	2017 RM'000	2016 RM'000
Audit fee - current year	65	65
Professional fees	3,795	3,123
IT and other equipment costs	23,846	23,229
Rental of premises	17,619	16,153
Other premises costs	5,859	6,748
Travel and entertainment expenses	19,383	12,616
Third party subcontractor charges	19,761	10,206
Recruitment and relocation	2,119	1,096
Training and professional development	2,680	3,400
Security and housekeeping	2,798	3,024
Unrealised gain from revaluation of derivative	(19,958)	(5,342)
Unrealised foreign exchange loss/(gain)	11,201	(2,081)
Realised foreign exchange loss/(gain)	6,816	(2,810)
Others	3,533	3,849
	99,517	73,276

12 TAX EXPENSE

	2017 RM'000	2016 RM'000
Recognised in profit or loss		
Current tax expense		
Malaysian tax expense		
- current year	230	249
Foreign tax expense		
- current year	11	(4)
	241	245

12 TAX EXPENSE (CONTINUED)

The company was granted MSC status on 28 August 2002 and has elected for Pioneer Status tax incentive. The company will be exempted from income tax of up to 100% of its statutory business income. For income tax purposes, the company had been granted tax relief effective since 30 November 2003 to 29 November 2013. The company has further granted an extension of Pioneer Status tax incentive for another 5 years from 30 November 2013 to 29 November 2018. Income not relating to the prescribed MSC activities of Company, comprising mainly interest income, is taxable.

The Malaysian current tax expense is in respect of interest income earned during the year. The foreign tax expense is in respect of the UK branch operations.

Reconciliation of tax expense

	2017 RM'000	2016 RM'000
Profit before tax	45,442	42,668
Tax calculated at the Malaysian tax rate of 24% (2016: 24%)	10,906	10,240
Tax effects of:		
- Expenses not deductible for tax purposes	489	598
- Deductible temporary differences not recognized	264	(5,370)
- Income not subject to income tax	(11,418)	(5,223)
	241	245

13 DIVIDENDS

Dividends recognised by the Company:

Ordinary shares	RM per share	Total amount RM'000	Date of payment
2017			
Final single-tier dividend for the financial year ended 31 December 2016	0.304	39,848	15 July 2017
2016			
Final single-tier dividend for the financial year ended 31 December 2015	0.236	30,935	15 July 2016

The Directors proposed to declare dividend in respect of the current financial year at the forthcoming Annual General Meeting, with the amount to be decided at a later date subsequent to the date of the report.

14 OPERATING LEASE

The Company has the following commitments for rental (including service charges and car park fees):

	2017 RM'000	2016 RM'000
Less than one year	10,759	15,080
Between one and five years	9,377	20,157
	20,136	35,237

15 RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The immediate holding company is HSBC Global Services Limited, and the ultimate holding company is HSBC Holdings plc, both incorporated in United Kingdom.

The related parties of the Company comprise:

(i) the immediate and ultimate holding companies ("holding companies")
(ii) related companies of the immediate and ultimate holding companies
(iii) key management personnel who are defined as those person having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include all members of the Board of Directors of HSBC Electronic Data Processing (Malaysia) Sdn Bhd.

15 RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

(a) The significant related party transactions and outstanding balances of the Company are as follows:

	2017		2016	
	Holding companies RM'000	Related companies RM'000	Holding companies RM'000	Related companies RM'000
Income				
Data processing fees	399,013	59,971	385,740	42,337
Interest income	-	951	-	1,039
Expenditure				
Other operating expenses	7,391	10,678	4,598	14,803
Amount due from				
Data processing fees	110,661	14,473	102,886	9,730
Cash and cash equivalents	-	120,075	-	141,946
Derivatives financial assets	-	9,361	-	-
Amount due to				
Other operating expenses	3,073	3,398	1,089	3,131
Derivatives financial liabilities	-	10,597	-	-

(b) The key management personnel compensation is as follows:

	2017 RM'000	2016 RM'000
Directors		
- Short-term employee benefits	984	859
Other key management personnel		
- Short-term employee benefits	2,233	1,895
- Share-based payments	33	-
	3,250	2,754

16 FINANCIAL INSTRUMENTS

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"); and
(c) Other liabilities ("OL")

	Carrying value RM'000	L&R RM'000	FVTPL RM'000
2017			
Financial assets			
Other receivables	6,022	6,022	-
Amount due from holding companies	110,661	110,661	-
Amount due from related companies	14,473	14,473	-
Cash and cash equivalents	120,075	120,075	-
Derivatives financial assets	9,361	-	9,361

	Carrying value RM'000	OL RM'000	FVTPL RM'000
2017			
Financial liabilities			
Amount due to holding companies	3,073	3,073	-
Amount due to related companies	3,398	3,398	-
Trade and other payables	56,694	56,694	-

	Carrying value RM'000	L&R RM'000
2016		
Financial assets		
Other receivables	5,935	5,935
Amount due from holding companies	102,886	102,886
Amount due from related companies	9,730	9,730
Cash and cash equivalents	141,949	141,949

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.1 Categories of financial instruments (continued)

	Carrying value RM'000	OL RM'000	FVTPL RM'000
2016			
Financial liabilities			
Amount due to holding companies	1,089	1,089	-
Amount due to related companies	3,131	3,131	-
Trade and other payables	49,651	49,651	-
Derivatives financial liabilities	10,597	-	10,597

16.2 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

16.3 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables from related parties. The maximum exposure to credit risk is represented by the carrying amount of these receivables. There were no significant concentrations of credit risk. The average credit period is 30 days (2016: 30 days).

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.3 Credit risk (continued)

	Other receivables RM'000	Holding companies RM'000	Related companies RM'000	Cash and cash equivalents RM'000	Derivative financial assets RM'000
2017					
Neither past due nor impaired	6,022	64,901	10,666	120,075	9,361
Past due but not impaired					
1 to 3 months	-	40,684	3,807	-	-
Over 3 months	-	5,076	-	-	-
	6,022	110,661	14,473	120,075	9,361
2016					
Neither past due nor impaired	5,935	69,218	9,314	141,949	-
Past due but not impaired					
1 to 3 months	-	29,907	416	-	-
Over 3 months	-	3,761	-	-	-
	5,935	102,886	9,730	141,949	-

Receivables

Risk management objectives, policies and process for managing the risk

The Company provides services to its holding company and related companies. The Company monitors the balances due from related companies regularly.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the receivables due from its holding company and related companies are not recoverable.

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

As at the end of the reporting period, the Company's financial liabilities consist of the amount due to holding companies, amount due to related companies and other payables of RM7,844,190 (2016: RM5,408,540). The financial liabilities of the Company do not bear any contractual interest and are expected to be settled within 1 year.

16.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's financial position or cash flows.

16.6.1 Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company. The currencies giving rise to this risk are primarily Great Britain Pound (GBP) and U.S. Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Company uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.5 Market risk (continued)

16.5.1 Currency risk (continued)

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the currency of the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	USD	GBP
	RM'000	RM'000
2017		
Cash and cash equivalents	105,394	557
Other receivables	1,461	1,375
Amount due from immediate holding company	81,857	867
Forward exchange contracts	9,361	-
Net exposure	198,073	2,799
2016		
Cash and cash equivalents	98,509	3,558
Other receivables	859	872
Amount due from immediate holding company	63,758	2,528
Forward exchange contracts	(10,563)	(34)
Net exposure	152,563	6,924

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.5 Market risk (continued)

16.5.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2016: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2017 RM'000	2016 RM'000
USD	(19,807)	(15,256)
GBP	(280)	(692)

A 10% (2016: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

16.5.2 Interest rate risk

The Company's other receivables, trade and other payables are not significantly exposed to interest rate risk.

16.5.3 Other price risk

The Company is not exposed to any other price risk.

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.6 Fair value information

The carrying amount of other receivables, cash and cash equivalents, trade and other payables, amount due from and to holding companies, and amount due from and to related companies approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value.

	Level 2 RM'000	Total fair value RM'000	Carrying amount RM'000
2017			
Financial assets			
Derivatives financial assets	9,361	9,361	9,361
	9,361	9,361	9,361
2016			
Financial liabilities			
Derivatives financial liabilities	(10,597)	(10,597)	(10,597)
	(10,597)	(10,597)	(10,597)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

17 EQUITY-BASED COMPENSATION

The Company participated in the following equity settled share compensation plans operated by the HSBC Group for the acquisition of HSBC Holdings plc shares.

(a) Savings Related Share Option Schemes

The Savings Related Share Option Schemes are all employee share plans under which eligible HSBC employees are granted options to acquire HSBC Holdings ordinary shares. Employees may make monthly contributions up to £250 over a period of three or five years which may be used, on the third or fifth anniversary of the commencement of the relevant savings contract, to exercise the options; alternatively the employee may elect to have the savings (plus interest) repaid in cash. The options are exercisable within six months following the third or fifth anniversary of the commencement of the relevant savings contract. The exercise price is set at a discount of up to 20 per cent to the market value of the ordinary shares at the date of grant. The cost of the awards is amortised over the vesting period.

Movement in the number of share options held by employees are as follows:

	2017		2016	
	Number	Weighted average exercise	Number	Weighted average exercise
	'000	£	'000	£
Year				
Outstanding at 1 January	4	4.79	7	4.88
Granted in the financial year	1	5.96	1	4.46
Exercised in the financial year	(2)	4.46	(3)	5.03
Cancelled in the financial year	-	-	(1)	4.66
Transferred in the financial year	(2)	5.19	-	-
Outstanding at 31 December	1	5.56	4	4.79
Options vested at 31 December	3		3	

	2017	2016
	RM'000	RM'000
Compensation cost recognised during the year	3	28

17 EQUITY-BASED COMPENSATION (CONTINUED)

(a) Savings Related Share Option Schemes (continued)

The weighted average share price at the date the share options were exercised was £4.46 (2016: £ 5.03).

(b) Restricted Share Plan and Share Match Schemes

The HSBC Holdings Restricted Share Plan is intended to align the interests of executives with those of shareholders by linking executive awards to the creation of superior shareholder value. This is achieved by focusing on predetermined targets. The cost of the conditional awards is recognised through an annual charge based on the likely level of vesting of shares, apportioned over the period of service to which the awards relates.

The Share Match Schemes was first introduced in Malaysia in 2014. Eligible HSBC employees will acquire HSBC Holdings ordinary shares. Shares are purchased in the market each quarter up to a maximum value of £750 or the equivalent in local currency over a period of one year. Matching awards are added at a ratio of one free share for every three purchased. Matching awards vest subject to continued employment and the retention of the purchased shares for a maximum period of two years and nine months.

Year	2017 Number '000	2016 Number '000
Outstanding at 1 January	39	20
Granted in the financial year	18	27
Exercised in the financial year	(16)	(10)
Cancelled in the financial year	(3)	(1)
Transferred in the financial year	-	3
Outstanding at 31 December	38	39

	2017 RM'000	2016 RM'000
Compensation cost recognised during the financial year	603	525

The weighted average purchase price for all shares purchased by HSBC for awards under the Restricted Share Plan and the Share Match Schemes during 2017 is £5.35 (2016: £4.90). The closing price of the HSBC share at 29 December 2017 was £7.67 (2016: £6.57). The weighted average remaining vesting period as at 31 December 2017 was 2.41 years (2016: 3.69 years).