

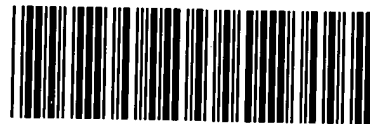
DON'T  
STAPLE**OS AA01**Statement of details of parent law and other  
information for an overseas company

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 for**  
You cannot use this form  
an alteration of manner of  
with accounting requirements.

WEDNESDAY



\*ACUF14M9\*

A52

10/01/2024

#109

COMPANIES HOUSE

**Part 1 Corporate company name**Corporate name of  
overseas company ①

HSBC Electronic Data Processing (Malaysia) SDN BHD

UK establishment  
number

B R 0 0 7 3 0 5

→ **Filling in this form**  
Please complete in typescript or in  
bold black capitals.

All fields are mandatory unless  
specified or indicated by \*

① 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  
audited.

Legislation ②

Malaysian Financial Reporting Standards

② This means the relevant rules or  
legislation which regulates the  
preparation 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 ③

Malaysian Institute of Accounts

③ Please insert the name of the  
appropriate accounting organisation  
or body.

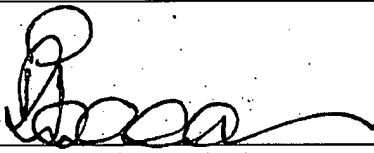
# OS AA01

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

<b>A3 Audited accounts</b>		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to <b>Part 3 'Signature'</b> . <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to <b>Part 3 'Signature'</b> .	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	Malaysian Institute of Accountants	

### Part 3

### Signature

I am signing this form on behalf of the overseas company.	
Signature	<div>Signature</div> <div>X  X</div>
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	Chris Armstrong
Company name	HSBC Holdings plc
Address	8 Canada Square
Canary Wharf	
Post town	London
County/Region	
Postcode	E 1 4 5 H Q
Country	
DX	
Telephone	



### 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

#### 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.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

Registration No.

200201019657 (587320-H)

**HSBC ELECTRONIC DATA PROCESSING (MALAYSIA)  
SDN. BHD.**

Registration No. 200201019657 (587320-H)  
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Registration No.

200201019657 (587320-H)

**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 2022.

**PRINCIPAL ACTIVITY**

The Company is principally engaged in the business of providing operational processing services to entities within HSBC Group. 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	42,580

**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 issues of shares or debentures during the financial year under review.

**DIVIDEND**

During the financial year, the Company had paid on 15 December 2022, an interim single-tier dividend of RM0.294 net per ordinary share totalling RM38,537,152.50 in respect of the financial year ending 31 December 2022.

No final dividend was proposed for the financial year ended 31 December 2022.

**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.

Registration No.

200201019657 (587320-H)

**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:

Paul Anthony Raddon  
Sameh Mohamed Raafat Abdelhamid Abouzeid  
Keri Anita Mcdermid  
Neoh Elly  
Neeti Mahajan (resigned on 10 January 2022)

**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			
	Shares held at 1.1.2022	Shares acquired during the year	Shares disposed during the year	Shares held at 31.12.2022
<u>HSBC Holdings plc</u>				
Paul Anthony Raddon	8,322	12,564	-	20,886
Neeti Mahajan	1,687	-	-	1,687

	Number of shares			
	Shares held at 1.1.2022	Shares acquired during the year	Shares disposed during the year	Shares held at 31.12.2022

HSBC Holdings plc

Restricted Share Plan

Paul Anthony Raddon	44,996	181	-	45,177
Neoh Elly	4,885	169	(2,467)	2,587

Registration No.

200201019657 (587320-H)

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

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)**

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: (Continued)

	Number of options			
	At 1.1.2022	Granted	(Exercised) / (Lapsed)	At 31.12.2022
<u>HSBC Holdings plc shares</u>				
Sharematch				
Paul Anthony Raddon	2,500	-	(342)	2,158
Neoh Elly	1,044	844	(105)	1,783

None of the other Directors holding office at 31 December 2022 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.

Registration No.

200201019657 (587320-H)

**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 in this report for financial statements of the Company which would render any amount stated in the respective financial statements misleading.



Registration No.

200201019657 (587320-H)

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

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' REMUNERATION**

Directors' remuneration for the financial year are RM2,365,709 (2021: RM1,069,124) as set out in Note 16 to the financial statements.

**AUDITORS' REMUNERATION**

Auditors' remuneration for the financial year is RM65,111 (2021: RM66,300) as set out in Note 12 to the financial statements.

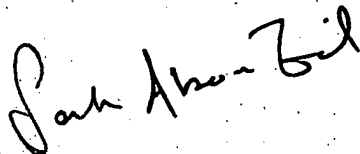
**SIGNIFICANT AND SUBSEQUENT EVENTS**

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.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



**SAMEH MOHAMED RAAFAT  
ABDELHAMID ABOUZEID  
DIRECTOR**



**NEOH ELLY  
DIRECTOR**

Kuala Lumpur

Date: 22 June 2023

Registration No.

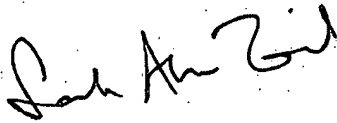
200201019657 (587320-H)

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

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

We, Sameh Mohamed Raafat Abdelhamid Abouzeid and Neoh Elly, 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 49 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and financial performance of the Company for the financial year ended 31 December 2022 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:



**SAMEH MOHAMED RAAFAT  
ABDELHAMID ABOUZEID  
DIRECTOR**

  
**NEOH ELLY  
DIRECTOR**

Kuala Lumpur,

Date: 22 June 2023

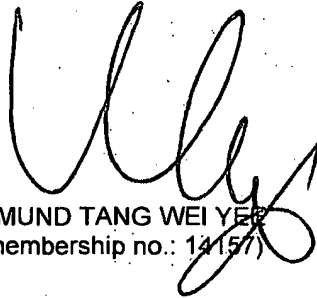
Registration No.

200201019657 (587320-H)

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

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

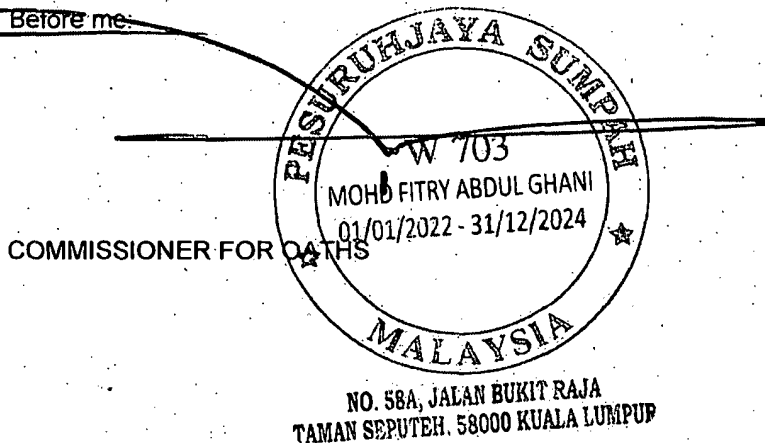
I, Rosamund Tang Wei Yee, the officer primarily responsible for the financial management of HSBC Electronic Data Processing (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 12 to 49 are, to the best of my knowledge and belief, correct and I make this 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  
22 June 2023.

Before me:





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

(Incorporated in Malaysia)

Registration No. 200201019657 (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 2022, and of its financial performance and its cash flows for the financial 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 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 49.

**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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**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 the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN.  
BHD. (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 200201019657 (587320-H)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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.

**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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN.  
BHD. (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 200201019657 (587320-H)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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 of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN.  
BHD. (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 200201019657 (587320-H)**

**OTHER MATTERS**

This report is made solely to the member 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.

A stylized, handwritten signature in black ink, likely representing the firm PricewaterhouseCoopers.

**PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants**

A stylized, handwritten signature in black ink, likely representing William Mah Jin Chiek.

**WILLIAM MAH JIN CHIEK  
03085/07/2023 J  
Chartered Accountant**

**Kuala Lumpur  
22 June 2023**

Registration No.

200201019657 (587320-H)

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

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

	<u>Note</u>	<u>2022</u> RM'000	<u>2021</u> RM'000
<b>ASSETS</b>			
Property and equipment	4	51,856	12,036
Deferred tax assets	10	13,435	12,545
Right-of-use assets	15	466	4,591
<b>TOTAL NON-CURRENT ASSETS</b>		<u>65,757</u>	<u>29,172</u>
Other receivables	5	2,853	3,899
Amount due from holding companies	16	59	36,974
Amount due from related companies	16	77,023	16,270
Derivative financial assets	9	309	185
Cash and cash equivalents	6	123,701	183,110
<b>TOTAL CURRENT ASSETS</b>		<u>203,945</u>	<u>240,438</u>
<b>TOTAL ASSETS</b>		<u>269,702</u>	<u>269,610</u>
<b>LIABILITIES</b>			
Lease liabilities	15	285	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>285</u>	<u>-</u>
Trade and other payables	8	70,639	83,125
Provision for taxation		2,518	4,201
Amount due to holding companies	16	970	1,133
Amount due to related companies	16	18,326	5,490
Lease liabilities	15	180	3,386
<b>TOTAL CURRENT LIABILITIES</b>		<u>92,633</u>	<u>97,335</u>
<b>TOTAL LIABILITIES</b>		<u>92,918</u>	<u>97,335</u>
<b>EQUITY</b>			
Share capital	7	132,219	132,219
Translation reserve	7	201	165
Capital contribution reserve	7	291	106
Retained earnings		44,073	39,785
<b>TOTAL EQUITY</b>		<u>176,784</u>	<u>172,275</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>269,702</u>	<u>269,610</u>

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



Registration No.

200201019657 (587320-H)

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	<u>Note</u>	<u>2022</u> RM'000	<u>2021</u> RM'000
Revenue	11	561,370	498,523
Interest income		1,236	1,420
Staff costs		(379,822)	(338,404)
Depreciation of property and equipment	4	(6,929)	(4,759)
Other operating expenses	12	(120,122)	(84,644)
Depreciation charge of right-of-use assets	15	(91)	(21,035)
Interest (expense)/reversal on lease liability	15	(11)	102
Profit before tax		55,631	51,203
Tax expense	13	(13,051)	(11,613)
Profit for the financial year		42,580	39,590
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations		36	250
Total comprehensive income for the financial year		42,616	39,840

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

Registration No.

200201019657 (587320-H)

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Non-distributable			Distributable	
	Share capital	Translation reserve	Capital contribution reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	132,219	165	106	39,785	172,275
Profit for the financial year	-	-	-	42,580	42,580
Foreign currency translation differences for foreign operation	-	36	-	-	36
Total comprehensive income for the financial year	-	36	-	42,580	42,616
<u>Transaction with holding companies, recorded directly in equity</u>					
Share-based payment transactions	-	-	185	245	430
Dividends paid to owners of the Company (Note 14)	-	-	-	(38,537)	(38,537)
	-	-	185	(38,292)	(38,107)
At 31 December 2022	132,219	201	291	44,073	176,784
	Note 7	Note 7	Note 7		

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

Registration No.

200201019657 (587320-H)

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

	Non-distributable			Distributable	
	Share capital	Translation reserve	Capital contribution reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	132,219	(85)	494	17,059	149,687
Profit for the financial year	-	-	-	39,590	39,590
Foreign currency translation differences for foreign operation	-	250	-	-	250
Total comprehensive income for the financial year	-	250	-	39,590	39,840
<u>Transaction with holding companies, recorded directly in equity</u>					
Share-based payment transactions	-	-	(388)	438	50
Dividends paid to owners of the Company (Note 14)	-	-	-	(17,302)	(17,302)
	-	-	(388)	(16,864)	(17,252)
At 31 December 2021	132,219	165	106	39,785	172,275
	Note 7	Note 7	Note 7		

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

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**HSBC ELECTRONIC DATA PROCESSING (MALAYSIA) SDN. BHD.**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		55,631	51,203
Adjustments for:			
Plant and equipment written off		-	3,544
Right-of-use impairment		-	5,007
Gain on disposal of equipment		(28)	(85)
Depreciation of property and equipment		6,929	4,759
Depreciation of right-of-use assets		91	21,035
Overprovision for building reinstatement		(8,327)	-
Interest income		(1,236)	(1,420)
Interest expense/(reversal) on lease liability		11	(102)
Share-based payment transactions		663	559
Unrealised (gain)/loss from revaluation of derivatives		(124)	101
Unrealised foreign exchange gain		(4,419)	(404)
Operating profit before changes in working capital		49,191	84,197
Changes in other receivables		1,046	1,740
Changes in trade and other payables		417	5,630
Changes in amount due from/to holding companies		36,519	3,797
Changes in amount due from/to related companies		(43,374)	(2,536)
Changes in derivative financial liabilities		(124)	101
Cash generated from operating activities		43,675	92,929
Income tax paid		(15,624)	(15,169)
Net cash generated from operating activities		28,051	77,760
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(46,776)	(7,737)
Proceeds from disposal of property and equipment		55	86
Interest received		1,236	1,420
Net cash used in investing activities		(45,485)	(6,231)

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

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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

	Note	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(38,537)	(17,302)
Principal repayment of leases		(3,474)	(11,080)
Net cash used in financing activities		(42,011)	(28,382)
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		(59,445)	43,147
Effect of currency translation		36	250
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<u>183,110</u>	<u>139,713</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<u>123,701</u>	<u>183,110</u>
Cash and cash equivalents comprise the following:			
Cash and bank balances	6	103,701	128,110
Deposits placed with a licensed bank	6	20,000	55,000
		<u>123,701</u>	<u>183,110</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

**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:

Menara IQ  
Lingkaran TRX  
Tun Razak Exchange  
55188 Kuala Lumpur  
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 the United Kingdom.

This financial statements was approved by the Board of Directors for issuance on 22 June 2023.

**2 BASIS OF PREPARATION**

**(a) Statement of compliance**

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

The financial statements have been prepared under the historical cost convention.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(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 2022 are as follows:

- Amendments to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"

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.

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

A number of new standards and amendments to standards and interpretations have been issued that are applicable to the Company but are not yet effective.

Effective for annual periods commencing on or after 1 January 2023

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

- Amendments on disclosure of accounting policies

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**2 BASIS OF PREPARATION (CONTINUED)**

**(a) Statement of compliance (continued)**

**(ii) Standards and amendments to published standards that have been issued but not yet effective (continued)**

**Effective for annual periods commencing on or after 1 January 2023 (continued)**

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates (continued)

**Amendments on definition of accounting estimates**

The amendments to MFRS 108, redefined accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

None of the above is expected to have a significant effect on the financial statements of the Company.

**Effective for annual periods commencing on or after 1 January 2024**

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

The amendments specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the 'lease payments' or 'revised lease payments' in a way that it does not result in the seller-lessee recognising any amount of the gain or loss or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.



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NOTES TO THE FINANCIAL STATEMENTS  
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2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

Effective for annual periods commencing on or after 1 January 2024

• Amendments to MFRS 101 "Classification of liabilities as current or non-current"

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period based on its compliance with the conditions required on or before the reporting date (even if tested on after period end). Conditions that an entity is required to comply on within 12 months after the reporting period do not affect the classification of liability as current or non-current at reporting date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

None of the above is expected to have a significant effect on the financial statements of the Company.

(b) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the period. The use of available information and the application of judgement are inherent in the formation of estimates; actual results in the future may differ from estimates upon which financial information is prepared.

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

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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) Revenue recognition**

The Company provides management services to its Head Office. Revenue is recognised over the period when the services are rendered to its Head Office. Revenue from management services constitute a single performance obligation. Accordingly, the transaction price will be based on a cost plus mark-up basis. No element of financing deemed present as the revenue is made with a credit term of 30 days.

**(b) Financial instruments**

**(i) Classification**

The Company classifies its financial instruments at amortised cost and fair value through profit or loss ("FVTPL").

**(ii) Recognition and derecognition**

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. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished; i.e. when the obligation is discharged, cancelled, or expires.

**(iii) Measurement**

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. Financial liabilities are measured at amortised cost.

**(iv) Impairment**

Expected credit losses ("ECL") are recognised for financial assets held at amortised cost. The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all financial assets. The expected loss rates are based on the payment profiles of services rendered over a 60 months period before reporting date and the corresponding historical credit loss experienced within this period. The financial asset of the Company are other receivables, amount due from holding/related companies and cash and cash equivalent. While all of the above are subject to ECL, the identified impairment loss is immaterial.

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial instruments (continued)**

**(v) Derivative financial instruments**

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at fair value, with changes in fair value generally recorded in the income statement. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

**(c) Property and Equipment**

**(i) Recognition and measurement**

Office equipment, computer equipment, fixtures and fittings, telecom equipment and building renovations 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 statement of comprehensive income.

**(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 those parts that are replaced is derecognised from the statement of financial position. The costs of the day-to-day servicing of equipment are recognised in statement of comprehensive income 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Property and Equipment (continued)**

**(iii) Depreciation (continued)**

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over their estimated useful lives of each part of an item of equipment. Assets costing less than RM2,000 are fully depreciated in the year of purchase. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

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

Office equipment	5 years
Computer equipment	3 - 5 years
Fixtures and fittings	5 years
Telecom equipment	5 years
Building renovations	10 years

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

The gains or losses on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of the equipment and is recognised net within "other operating expenses" in the statement of comprehensive income.

Equipment is subjected to review for impairment if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable.

**(d) Leases**

Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Leases (continued)**

Lease term (continued)

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

The Company presents the right-of-use assets as a separate line item in the statement of financial position. ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Leases (continued)**

Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position.

Reassessment of lease liabilities

The Company is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in statement of comprehensive income.

**(e) 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) 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, with a corresponding credit to the equity. The credit to equity is treated as capital contribution as the ultimate holding company is compensating the Company's employees with no expense to the Company. 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 or non-vesting 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".

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) 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.

**(g) Cash and cash equivalents**

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

**(h) Impairment of non-financial assets**

The carrying amounts of non-financial assets 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.

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 statement of comprehensive income. 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 statement of comprehensive income in the financial year in which the reversals are recognised.

**(i) Income tax**

Income tax comprises current and deferred tax. Income tax is recognised in statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

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.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Income tax (continued)**

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 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.

**(j) 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 statement of comprehensive income.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Foreign currencies (continued)**

**(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 as at 31 December 2022 are as follows:

1 GBP	RM5.3101	(2021: 1 GBP	RM5.6440)
1 USD	RM4.4080	(2021: 1 USD	RM4.1703)

**(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.

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4 PROPERTY AND EQUIPMENT

	Office equipment	Computer equipment	Fixture and fittings	Telecom equipment	Building renovations	Work In Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Cost</u>							
At 1 January 2021	3,470	16,513	2,812	13,307	9,522	-	45,624
Additions	-	519	-	-	-	7,218	7,737
Disposals	-	(1,179)	-	(10)	-	-	(1,189)
Write off	(3,470)	(3,529)	(2,812)	(9,187)	(9,522)	-	(28,520)
At 31 December 2021/ 1 January 2022	-	12,324	-	4,110	-	7,218	23,652
Additions	2,234	2,773	2,849	-	39,290	-	47,146
Reclass	-	-	-	-	-	(370)	(370)
Disposals	-	(819)	-	(593)	-	-	(1,412)
Write off	-	-	-	-	-	-	-
At 31 December 2022	2,234	14,278	2,849	3,517	39,290	6,848	69,016
<u>Accumulated Depreciation</u>							
At 1 January 2021	997	9,632	2,191	12,939	7,263	-	33,022
Charge for the financial year	542	2,771	317	179	950	-	4,759
Disposals	-	(1,179)	-	(10)	-	-	(1,189)
Write off	(1,539)	(3,529)	(2,508)	(9,187)	(8,213)	-	(24,976)
At 31 December 2021/ 1 January 2022	-	7,695	-	3,921	-	-	11,616
Charge for the financial year	271	2,794	467	136	3,261	-	6,929
Disposals	-	(819)	-	(566)	-	-	(1,385)
Write off	-	-	-	-	-	-	-
At 31 December 2022	271	9,670	467	3,491	3,261	-	17,160

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4 PROPERTY AND EQUIPMENT (CONTINUED)

	Office equipment RM'000	Computer equipment RM'000	Fixture and fittings RM'000	Telecom equipment RM'000	Building renovations RM'000	Work In Progress RM'000	Total RM'000
<u>Net Book Value</u>							
At 31 December 2021	-	4,629	-	189	-	7,218	12,036
At 31 December 2022	1,963	4,608	2,382	26	36,029	6,848	51,856

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**5 OTHER RECEIVABLES**

	2022	2021
	RM'000	RM'000
Deposits	807	3,517
Prepayments	2,046	219
Trade receivables	-	163
	<u>2,853</u>	<u>3,899</u>

**6 CASH AND CASH EQUIVALENTS**

	2022	2021
	RM'000	RM'000
Deposits placed with a licensed bank	20,000	55,000
Cash and bank balances	<u>103,701</u>	<u>128,110</u>
	<u>123,701</u>	<u>183,110</u>

Deposits are placed with HSBC Bank Malaysia Berhad, a licensed bank and a related company are having maturity period of one month or below and bear interest at rates 1.4% to 2.3% (2021: 1.4%) 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 0.80% to 1.86% (2021: 0.83% to 0.90%) per annum.

**7 CAPITAL AND RESERVES**

**(a) Share capital**

	2022		2021	
	Amount	Number of shares	Amount	Number of shares
	RM'000	'000	RM'000	'000
At 1 January, ordinary shares of RM1.00 each	<u>132,219</u>	<u>131,079</u>	<u>132,219</u>	<u>131,079</u>
At 31 December, ordinary shares with no par value	<u>132,219</u>	<u>131,079</u>	<u>132,219</u>	<u>131,079</u>

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**7 CAPITAL AND RESERVES (CONTINUED)**

**(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**

	2022	2021
	RM'000	RM'000
Provision for staff bonus	36,382	32,765
Provision for other staff costs	12,310	11,456
Trade creditors	3,363	7,234
Accrued legal and professional fees	415	3,173
Accrued IT costs	380	725
Accrued others	17,789	4,519
Provision for building reinstatement costs	-	23,253
	<u>70,639</u>	<u>83,125</u>

**9 DERIVATIVE FINANCIAL INSTRUMENTS**

	2022		2021	
	Contract/ Notional		Contract/ Notional	
	Amount	Assets	Amount	Assets
	RM'000	'000	RM'000	'000
Fair value through profit and loss:				
Forward exchange contracts				
(Maturity less than one year)	<u>65,940</u>	<u>309</u>	<u>35,671</u>	<u>185</u>

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**10 DEFERRED TAXATION**

The amounts, prior to offsetting are summarised as follows:

	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Deferred tax assets	14,523	12,545
Deferred tax liabilities	<u>(1,088)</u>	<u>-</u>
	<u>13,435</u>	<u>12,545</u>

Deferred tax liabilities and assets are offset above where there is legally enforceable right to offset current tax assets against current tax liabilities.

	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Deferred tax assets:		
- settled more than 12 months	14,523	12,545
Deferred tax liabilities:		
- settled more than 12 months	<u>(1,088)</u>	<u>-</u>
	<u>13,435</u>	<u>12,545</u>

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Property and equipment	(1,088)	215
Provision for accrued expenses	14,523	10,939
Leases	<u>-</u>	<u>1,391</u>
	<u>13,435</u>	<u>12,545</u>

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**10 DEFERRED TAXATION (CONTINUED)**

*Movement in temporary differences during the financial year*

	Balance as at 1.1.2022	Recognised in profit or loss	Balance as at 31.12.2022
	RM'000	RM'000	RM'000
Provision for accrued expenses	10,939	3,584	14,523
Deferred tax assets	10,939	3,584	14,523
Property and equipment	215	(1,303)	(1,088)
Leases	1,391	(1,391)	-
Deferred tax assets/ (liabilities)	1,606	(2,694)	(1,088)
Net deferred tax assets	12,545	890	13,435
	Balance as at 1.1.2021	Recognised in profit or loss	Balance as at 31.12.2021
	RM'000	RM'000	RM'000
Provision for accrued expenses	9,910	1,029	10,939
Deferred tax assets	9,910	1,029	10,939
Property and equipment	(92)	307	215
Leases	(640)	2,031	1,391
Deferred tax (liabilities)/ assets	(732)	2,338	1,606
Net deferred tax assets	9,178	3,367	12,545

**11 REVENUE**

	2022	2021
	RM'000	RM'000
Processing fees	561,370	498,523



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**12 OTHER OPERATING EXPENSES**

	2022	2021
	RM'000	RM'000
Audit fee - current year	65	66
Third party subcontractor charges	53,666	39,113
IT and other equipment costs	35,694	29,255
Premises costs	15,078	2,580
Professional fees	3,278	1,997
Recruitment and relocation	4,591	2,824
Training and professional development	2,544	3,516
Travel and entertainment expenses	2,301	145
Security and housekeeping	794	1,559
Realised foreign exchange loss	2,963	1,130
Unrealised (gain)/ loss from revaluation of derivatives	(124)	101
Unrealised foreign exchange (gain)	(4,419)	(404)
Overprovision for building reinstatement	(8,327)	
Others	12,018	2,762
	<u>120,122</u>	<u>84,644</u>

**13 TAX EXPENSE**

	2022	2021
	RM'000	RM'000
<u>Recognised in profit or loss</u>		
Malaysian tax expense		
- Current year	12,083	15,600
- Over provision in prior years	(192)	(623)
Foreign tax expense		
- Current year	1	3
- Withholding tax suffered	2,049	
Deferred tax (Note 10)	(890)	(3,367)
	<u>13,051</u>	<u>11,613</u>

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**13 TAX EXPENSE (CONTINUED)**

	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<u>Reconciliation of tax expense</u>		
Profit before tax	<u>55,631</u>	<u>51,203</u>
Tax calculated at the Malaysian tax rate of 24% (2021: 24%)	13,351	12,289
Tax effects of:		
- Foreign withholding tax suffered	2,049	-
- Expenses not deductible for tax purposes	1,358	139
- Foreign tax	1	3
- Temporary differences not recognised in prior year	(3,515)	(195)
- Overprovision in respect of prior years	(192)	(623)
- Unrecognised DTA	(1)	-
	<u>13,051</u>	<u>11,613</u>

**14 DIVIDENDS**

Dividends recognised by the Company:

Ordinary shares	<u>RM per share</u>	<u>Total amount</u>	<u>Date of payment</u>
		RM'000	
<u>2022</u>			
Interim single-tier dividend for the financial year ended 31 December 2022	0.294	38,537	15 Dec 2022
		<u>38,537</u>	
<u>2021</u>			
Interim single-tier dividend for the financial year ended 31 December 2021	0.132	17,302	15 Dec 2021
		<u>17,302</u>	

No final dividend was proposed for the financial year ended 31 December 2022.

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**15 LEASES**

Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2022	2021
	RM'000	RM'000
<b>Right-of-use assets</b>		
Vehicle relating to MFRS16	466	
Building reinstatement	-	4,591
	<u>466</u>	<u>4,591</u>
<b>Lease liabilities</b>		
Non-current	285	-
Current	180	3,386
	<u>465</u>	<u>3,386</u>

Additions to the right-of-use assets during the 2022 financial year were RM541,243 (2021: RM Nil).

Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2022	2021
	RM'000	RM'000
<b>Depreciation charge of right-of-use assets</b>		
Car relating to MFRS16	75	-
Building relating to MFRS16	16	9,844
Building reinstatement	-	6,184
Impairment of right-of-use assets	-	5,007
	<u>91</u>	<u>21,035</u>
Interest expenses/(reversal) on lease liability	11	(102)
Expense relating to short-term leases (included in staff costs)	-	62
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other premises costs)	-	37
	<u>-</u>	<u>37</u>

The total cash outflow for leases in 2022 was RM3,473,963 (2021: RM11,080,462).

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**16 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 and the Senior Management Level of HSBC Electronic Data Processing (Malaysia) Sdn Bhd.
- (a) The significant related party transactions and outstanding balances of the Company are as follows:

	2022		2021	
	Holding companies	Related companies	Holding companies	Related companies
	RM'000	RM'000	RM'000	RM'000
<u>Income</u>				
Processing fees	1,184	560,186	427,025	71,498
Interest income	-	1,236	-	1,420
<u>Expenditure</u>				
Other operating expenses	-	50,030	1,354	21,763
<u>Amount due from</u>				
Processing fees	59	77,023	36,974	16,270
Cash and cash equivalents	-	123,701	-	183,110
Derivatives financial assets	-	309	-	185
<u>Amount due to</u>				
Other operating expenses	970	18,326	1,133	5,490

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**16 RELATED PARTIES (CONTINUED)**

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

	2022	2021
	RM'000	RM'000
Directors		
- Short-term employee benefits	2,366	1,069
Other key management personnel		
- Short-term employee benefits	10,212	2,473
	<u>12,578</u>	<u>3,542</u>

**17 FINANCIAL INSTRUMENTS**

**17.1 Categories of financial instruments**

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

- (a) Amortised cost ("AC");  
(b) Fair value through profit or loss ("FVTPL")

	Carrying value	AC	FVTPL
	RM'000	RM'000	RM'000
<b><u>2022</u></b>			
<b><u>Financial assets</u></b>			
Other receivables (excluding prepayment)	807	807	-
Amount due from holding companies	59	59	-
Amount due from related companies	77,023	77,023	-
Cash and cash equivalents	123,701	123,701	-
Derivatives financial assets	<u>309</u>	<u>-</u>	<u>309</u>
<b><u>2021</u></b>			
<b><u>Financial assets</u></b>			
Other receivables (excluding prepayment)	3,680	3,680	-
Amount due from holding companies	36,974	36,974	-
Amount due from related companies	16,270	16,270	-
Cash and cash equivalents	183,110	183,110	-
Derivatives financial assets	<u>185</u>	<u>-</u>	<u>185</u>

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**17 FINANCIAL INSTRUMENTS (CONTINUED)**

**17.1 Categories of financial instruments (continued)**

	Carrying value	AC	FVTPL
	RM'000	RM'000	RM'000
<b>2022</b>			
<u>Financial liabilities</u>			
Amount due to holding companies	970	970	-
Amount due to related companies	18,326	18,326	-
Trade and other payables	70,639	70,639	-
Lease liabilities	465	465	-
	Carrying value	AC	FVTPL
	RM'000	RM'000	RM'000
<b>2021</b>			
<u>Financial liabilities</u>			
Amount due to holding companies	1,133	1,133	-
Amount due to related companies	5,490	5,490	-
Trade and other payables	83,125	83,125	-
Lease liabilities	3,386	3,386	-

**17.2 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

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**17 FINANCIAL INSTRUMENTS (CONTINUED)**

**17.3 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 (2021: 30 days).

Distribution of financial assets by credit quality

2022	Gross carrying amount		ECL allowance	Carrying amount (net of impairment provision)
	Strong	Total		
RM'000				
Other receivables	807	807	-	807
Amount due from holding companies	59	59	-	59
Amount due from related companies	77,023	77,023	-	77,023
Cash and cash equivalent	123,701	123,701	-	123,701

2021	Gross carrying amount		ECL allowance	Carrying amount (net of impairment provision)
	Strong	Total		
RM'000				
Other receivables	3,680	3,680	-	3,680
Amount due from holding companies	36,974	36,974	-	36,974
Amount due from related companies	16,270	16,270	-	16,270
Cash and cash equivalent	183,110	183,110	-	183,110

Quality classification definitions

"Strong" exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default.

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.

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**17 FINANCIAL INSTRUMENTS (CONTINUED)**

**17.3 Credit risk (continued)**

Distribution of financial assets by credit quality (continued)

Receivables (continued)

*Exposure to credit risk*

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

*Impairment losses*

The Company's exposure to credit risk arises principally from cash and cash equivalents held in a financial institution, other receivables and receivables due from its holding company and related companies. While these financial assets are subject to ECL, the identified impairment loss is RM Nil.

	Gross carrying amount	Allowance for ECL
	RM'000	RM'000
<u>As at 31 December 2022</u>		
Other receivables	2,853	-
Amount due from holding companies	59	-
Amount due from related companies	77,023	-
Cash and cash equivalents	123,701	-
	<u>203,636</u>	<u>-</u>
	Gross carrying amount	Allowance for ECL
	RM'000	RM'000
<u>As at 31 December 2021</u>		
Other receivables	3,899	-
Amount due from holding companies	36,974	-
Amount due from related companies	16,270	-
Cash and cash equivalents	183,110	-
	<u>240,253</u>	<u>-</u>



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**17 FINANCIAL INSTRUMENTS (CONTINUED)**

**17.4 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 RM89,934,400 (2021: RM89,749,177). The financial liabilities of the Company do not bear any contractual interest and are expected to be settled within 1 year.

**17.5 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.

**17.5.1 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**17 FINANCIAL INSTRUMENTS (CONTINUED)**

**17.5 Market risk (continued)**

**17.5.1 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
<b>2022</b>		
Cash and cash equivalents	22,453	2,471
Amount due from related company	44,342	-
Forward exchange contracts	308	-
Net exposure	<u>67,103</u>	<u>2,471</u>
<b>2021</b>		
Cash and cash equivalents	7,285	2,629
Amount due from holding company	36,924	-
Forward exchange contracts	185	-
Net exposure	<u>44,394</u>	<u>2,629</u>

*Currency risk sensitivity analysis*

A 14% in USD, 16% in GBP (2021: 6% in USD, 8% in GBP) strengthening of the RM against the currencies in the table below at the end of the reporting period would have decreased post-tax profit 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.

	Post-tax profit	
	2022	2021
	RM'000	RM'000
USD	(9,394)	(2,692)
GBP	<u>(395)</u>	<u>(210)</u>

A 14% in USD, 16% in GBP (2021: 6% in USD, 8% in GBP) 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.

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**17 FINANCIAL INSTRUMENTS (CONTINUED)**

**17.5 Market risk (continued)**

**17.5.2 Interest rate risk**

The Company's other receivables, cash and cash equivalents, derivative financial assets, trade and other payables are not significantly exposed to interest rate risk.

The Company's exposure to the interest rate risk is mainly from deposits placed with a licensed bank. The Company overcomes the exposure by way of maintaining deposits on short term basis.

**17.5.3 Other price risk**

The Company is not exposed to any other price risk.

**17.6 Fair value information**

The carrying amount of other receivables, derivative financial assets, 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	Total fair value	Carrying amount
	RM'000	RM'000	RM'000
<b>2022</b>			
<b>Financial assets</b>			
Derivatives financial assets	309	309	309
<b>2021</b>			
<b>Financial assets</b>			
Derivatives financial assets	185	185	185

**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.

The fair value of the Company's other financial assets and financial liabilities are not materially sensitive to shifts in market interest rates because of the limited term to maturity of these instruments. As such, the carrying amount of all financial assets and financial liabilities at the end of the reporting period approximate their fair value.

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**18 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:

	2022		2021	
	Number	Weighted average exercise	Number	Weighted average exercise
Year	'000	£	'000	£
Outstanding at 1 January	7	2.63	10	3.11
Granted in the financial year	3	4.24	-	-
Cancelled in the financial year	-	-	(1)	5.01
Transferred in the financial year	(7)	2.63	(2)	4.69
Outstanding at 31 December	<u>3</u>	<u>4.24</u>	<u>7</u>	<u>2.63</u>
Options vested at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2022		2021	
	RM'000		RM'000	
Compensation cost recognised during the year	<u>(2)</u>		<u>-</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

**18 EQUITY-BASED COMPENSATION (CONTINUED)**

**(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.

	2022	2021
<u>Year</u>	Number	Number
	'000	'000
Outstanding at 1 January	57	44
Granted in the financial year	29	27
Released in the financial year	(25)	(17)
Cancelled in the financial year	(5)	(2)
Transferred in the financial year	(5)	5
Outstanding at 31 December	<u>51</u>	<u>57</u>
	2022	2021
	RM'000	RM'000
Compensation cost recognised during the financial year	<u>665</u>	<u>707</u>

The weighted average purchase price for all shares purchased by HSBC for awards under the Restricted Share Plan and the Share Match Schemes during 2022 is £4.30 (2021: £4.86). The closing price of the HSBC share at 31 December 2022 was £5.16 (2021: £4.49). The weighted average remaining vesting period as at 31 December 2022 was 1.09 years (2021: 1.09 years).