

**HSBC Overseas Holdings (UK) Limited**  
**Report of the Directors and Financial Statements**  
**For the year ended 31 December 2006**

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31/10/2007  
COMPANIES HOUSE

Incorporated and domiciled in England and Wales with limited liability  
under the UK Companies Act Registered number 1656361

# HSBC Overseas Holdings (UK) Limited

## Report of the Directors and Financial Statements

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# **HSBC Overseas Holdings (UK) Limited**

## **Report of the Directors for the year ended 31 December 2006**

### **Principal activities and business review**

During 2006 the Company continued to be an investment holding company. No change in the Company's activities is anticipated.

During 2006 the Company established a wholly-owned subsidiary HSBC Software Development (Guangdong) Limited, incorporated in China with a registered capital equivalent to USD 10 million.

The income statement and balance sheet provide the key performance indicators to the directors.

### **Results and dividends**

The Company's results for the year under review are as detailed in the accompanying income statement. Dividends totalling USD 1,661,400,000 were declared and paid during the year (2005: 1,453,500,000).

### **Directors**

R G Barber

D J Flint

C D Spooner

F A Craig (appointed as Alternate to C D Spooner on 24 November 2006)

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 1985. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

### **Supplier Payment Policy**

The Company subscribes to the Better Payment Practice Code, the four principles of which are to agree payment terms at the outset and stick to them, explain payment procedures to suppliers, pay bills in accordance with any contract agreed with the supplier or as required by law, and tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code are available from the Department of Trade and Industry, No 1 Victoria Street, London SW1H 0ET.

During the year, the Company only received goods and services from Group undertakings. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

### **Financial Risk Management**

Under the Companies Act and International Financial Reporting Standards the Company is required to report on its exposure to price, credit, liquidity and cash flows with regard to its financial investments. The Company has no significant exposure to credit, market and liquidity risk due to the nature of its business, which is predominantly investing in or financing of group companies. These transactions are generally being funded by way of capital or debt also obtained from the parent or other group company.

# **HSBC Overseas Holdings (UK) Limited**

## **Report of the Directors** *(continued)*

### **Disclosure of Information to Auditors**

Each person who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 234ZA of the UK Companies Act 1985 and should be interpreted in accordance therewith.

# HSBC Overseas Holdings (UK) Limited

## Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU.

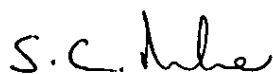
The financial statements are required by law to present fairly the financial position and the performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring proper accounting records are kept that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board



S C Maher  
Secretary

Dated 29 October 2007

Registered Office  
8 Canada Square  
London  
E14 5HQ

# **HSBC Overseas Holdings (UK) Limited**

## **Report of the independent auditors to the member of HSBC Overseas Holdings (UK) Limited**

We have audited the financial statements of HSBC Overseas Holdings (UK) Limited for the period ended 31 December 2006 which comprise the income statement, the balance sheet, the statement of change in equity, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

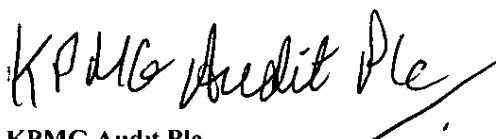
# HSBC Overseas Holdings (UK) Limited

## Report of the independent auditors to the member of HSBC Overseas Holdings (UK) Limited (continued)

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London

29 October<sup>2007</sup>

# HSBC Overseas Holdings (UK) Limited

## Income statement

*for the year ended 31 December*

	Notes	2006 USD000	2005 USD000
Dividend income		1,501,606	1,613,676
Interest income		6,571	33
Interest expense		(1,686)	-
Profit on disposal of subsidiary		1,722	-
Foreign exchange loss		(101)	-
Administrative expenses		(5)	(8)
<b>Profit before tax</b>		<b>1,508,107</b>	<b>1,613,701</b>
Tax on profit on ordinary activities	5	(1,433)	(8)
<b>Profit for the year</b>		<b>1,506,674</b>	<b>1,613,693</b>

All amounts relate to continuing activities

There are no recognised gains and losses for the year or the previous year other than those stated in the income statement above

The accompanying notes on pages 10 to 19 form an integral part of these financial statements



# HSBC Overseas Holdings (UK) Limited

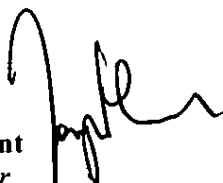
## Balance sheet at 31 December

	Notes	2006 USD000	2005 USD000
<b>ASSETS</b>			
Investments in subsidiaries	8	24,654,102	23,584,442
Interest in associates and joint ventures	9	61,296	–
Cash and cash equivalents	11	1,540	1,431
Amounts due from HSBC undertakings		4,746	72,931
Current taxation		–	80,075
Other assets		12	–
<b>Total assets</b>		<b>24,721,696</b>	<b>23,738,879</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans due to HSBC undertakings	12	27,013	–
Amounts due to HSBC undertakings		–	5
Current taxation		1,532	9
<b>Total liabilities</b>		<b>28,545</b>	<b>14</b>
<b>Capital and reserves</b>			
Share premium account		24,687,680	23,578,668
Retained earnings		5,471	160,197
<b>Total equity</b>		<b>24,693,151</b>	<b>23,738,865</b>
<b>Total equities and liabilities</b>		<b>24,721,696</b>	<b>23,738,879</b>

The accompanying notes on pages 10 to 19 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 29 October 2007 and were signed on its behalf by

**D J Flint**  
Director



# HSBC Overseas Holdings (UK) Limited

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

	Notes	2006 USD000	2005 USD000
<b>Share premium account</b>			
At 1 January		23,578,668	86,700
New share capital subscribed		<u>1,109,012</u>	<u>23,491,968</u>
<b>At 31 December</b>		<u>24,687,680</u>	<u>23,578,668</u>
<b>Retained earnings</b>			
At 1 January		160,197	4
Profit for the year attributable to shareholders		1,506,674	1,613,693
Dividends to shareholders USD 14.2 million per share (2005 USD 12.75 million per share)		<u>(1,661,400)</u>	<u>(1,453,500)</u>
<b>At 31 December</b>		<u>5,471</u>	<u>160,197</u>

The accompanying notes on pages 10 to 19 form an integral part of these financial statements

# HSBC Overseas Holdings (UK) Limited

## Cash flow statement for the year ended 31 December

	Notes	2006 USD 000	2005 USD 000
<b>Cash flow from operating activities</b>			
Profit before tax		1,508,107	1,613,701
Adjustments for			
Change in operating liabilities	11	27,008	(198)
Profit on disposal of investments		(1,722)	–
Tax paid		80,166	(80,075)
<b>Net cash from operating activities</b>		<b>1,613,559</b>	<b>1,533,428</b>
<b>Cash flow from investing activities</b>			
Decrease/(Increase) in Amounts due from Group companies	11	116,832	(71,792)
Purchase of interests in subsidiaries		(1,119,013)	(15,205)
Purchase of interests in associates		(61,296)	–
Proceeds from disposal of interests in subsidiaries		2,415	–
<b>Net cash used in investing activities</b>		<b>(1,061,062)</b>	<b>(86,997)</b>
<b>Cash flow used in financing activities</b>			
Capital issued		1,109,012	8,500
Dividends paid		(1,661,400)	(1,453,500)
<b>Net cash from financing activities</b>		<b>(552,388)</b>	<b>(1,445,000)</b>
<b>Net increase in cash and cash equivalents</b>	11	<b>109</b>	<b>1,431</b>
Cash and cash equivalents at 1 January		1,431	–
<b>Cash and cash equivalents at 31 December</b>	11	<b>1,540</b>	<b>1,431</b>

All dividends receivable during the period have been received All dividends declared have been paid

The accompanying notes on pages 10 to 19 form an integral part of these financial statements

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements

### 1 Basis of preparation

#### (a) Statement of compliance

HSBC Overseas Holdings (UK) (the 'Company') has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the EU. EU-endorsed IFRSs may differ from IFRSs as published by the International Accounting Standards Board ('IASB') if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2006, there were no unendorsed standards effective for the year ended 31 December 2006 affecting these financial statements.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

The Company has elected not to prepare consolidated financial statements in accordance with the provisions under IFRS 1 and IAS 27 'Consolidated and separate financial statements'.

#### (b) Basis of measurement

The financial statements are prepared on the historical cost basis except for other investments which are available for sale financial assets and are measured at fair value where this is determinable.

### 2 Principal accounting policies

#### (a) Interest income

Interest income for all interest-bearing financial instruments of the Company are recognised in the income statement using the effective interest rates of the financial assets to which they relate.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts received by the Company that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by any allowance for impairment.

#### (b) Interest expense

Interest payable on borrowings are recognised in the income statement using the effective interest rate method.

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### **(c) Dividend income**

Dividend income is recognised when the right to receive payment is established

### **(d) Income tax**

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity, in which case it is recognised in shareholders' equity.

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

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

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group, relate to income taxes levied by the same taxation authority, and a legal right to set off exists in the entity.

### **(e) Foreign currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of the Company are presented in US dollars, which is the Company's functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined.

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### **(f) Share capital**

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

### **(g) Investments in subsidiaries and associates**

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. Reversals of impairment losses are recognised in the income statement if there has been a change in the estimates used to determine the recoverable amount of the investment.

### **(h) Loans due from HSBC undertakings**

Loans due from HSBC undertakings are not intended to be sold in the short term and have not been classified either as held for trading or designated at fair value. These are recognised when cash is advanced and are derecognised when the undertakings repay their obligations or the loans are sold or written off. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

### **(i) Impairment**

At each balance sheet date an assessment is made of whether there is any objective evidence of impairment in the value of the Company's assets or group of assets. This usually arises where circumstances are such that an adverse effect on future cash flows from the asset or group of assets can be reliably estimated. If an available-for-sale asset is impaired, the cumulative loss (measured as the difference between the asset's acquisition cost and its current fair value, less any impairment loss on that asset previously recognised in the income statement) is removed from equity and recognised in the income statement.

### **(j) Estimates and assumptions**

The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the critical accounting policies where judgement is necessarily applied are those which relate to loan impairment and the impairment of investments in subsidiaries.

### **(k) Liabilities**

Financial liabilities, including loans and amounts due to HSBC undertakings, are recognised when cash is advanced or contractual arrangements are entered into and are normally derecognised when a loan is repaid or a liability is extinguished. Measurement is initially at fair value adjusted by directly attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest rate method.

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### (I) Cash and cash equivalents

Cash and cash equivalents represent cash in current accounts and call accounts with fellow subsidiaries. They are reported at carrying value and being with fellow subsidiaries there is no risk of change in value and hence there is no need for any impairment provision against these balances.

### 3 Directors and employees

None of the Directors received any remuneration for their services during the year. The Company had no employees during the year.

### 4 Auditor's remuneration

Certain expenses including Auditor's remuneration have been borne by HSBC Holdings plc and are therefore not charged in arriving at the profit on ordinary activities before taxation.

### 5 Tax on profit on ordinary activities

	2006 USD 000	2005 USD 000
UK Corporation tax at 30% (2005-30%)	1,434	8
Over provision in prior years	(1)	-
	<u>1,433</u>	<u>8</u>
<b>Analysis of overall tax charge</b>		
Expected tax at 30%	452,433	484,110
Relief for overseas taxation	(450,482)	(484,102)
Tax free gain on disposal of shares in a subsidiary	(517)	-
Over provision in prior years	(1)	-
	<u>1,433</u>	<u>8</u>

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements (continued)

### 6 Segmental reporting

The Company is an investment holding company operating in the United Kingdom  
The Company did not operate in any other territory during 2006 and 2005

### 7 Analysis of financial assets and liabilities by measurement basis

2006	Financial assets and liabilities at amortised cost USD 000	Total USD 000
<b>ASSETS</b>		
Cash and balances with HSBC undertakings	1,540	1,540
Amounts due from HSBC undertakings	4,746	4,746
<b>TOTAL FINANCIAL ASSETS</b>		6,286
Total non-financial assets		24,715,410
<b>TOTAL ASSETS</b>		<b>24,721,696</b>
<b>LIABILITIES</b>		
Loans due to HSBC undertakings	27,013	27,013
<b>TOTAL FINANCIAL LIABILITIES</b>	27,013	27,013
Total non-financial liabilities		1,532
<b>TOTAL LIABILITIES</b>		<b>28,545</b>
2005	Financial assets and liabilities at amortised cost USD 000	Total USD 000
<b>ASSETS</b>		
Cash and balances with HSBC undertakings	1,431	1,431
Loans to HSBC undertakings	72,931	72,931
Total non-financial assets		23,664,517
<b>TOTAL ASSETS</b>		<b>23,738,879</b>
<b>LIABILITIES</b>		
Amounts owed to HSBC undertakings	5	5
<b>TOTAL FINANCIAL LIABILITIES</b>	5	5
Total non-financial liabilities		9
<b>TOTAL LIABILITIES</b>		<b>14</b>

Loans to HSBC undertakings are on varied terms and generally with no fixed repayment date



# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### 8 Investments in subsidiaries

	2006 USD 000	2005 USD 000
Cost		
At 1 January	23,584,442	85,768
Additions	1,070,365	23,498,674
Disposals	(705)	—
<b>At 31 December</b>	<b>24,654,102</b>	<b>23,584,442</b>

During the year the company sold 29,000 of its shares in HSBC Securities (Egypt) SAE to HSBC Bank Egypt SAE

The subsidiary undertakings of the Company are

Name	Share Capital	% Interest	Country of incorporation
HSBC North America Holdings Inc	Ordinary	100.0	United States of America
HSBC Electronic Data Processing (Malaysia) Sdn Bhd	Ordinary	100.0	Malaysia
HSBC Electronic Data Processing (Philippines) Inc	Ordinary	86.9	Philippines
HSBC Electronic Data Processing Lanka Private Limited	Ordinary	100.0	Sri Lanka
Euroconcord Leasing BV	Ordinary	100.0	The Netherlands
HSBC Global Resourcing UK Limited	Ordinary	100.0	United Kingdom
HSBC Software Development (Guangdong) Limited	Ordinary	100.0	China

#### Post balance sheet events disclosure:

During May 2007 HSBC Electronic Data Processing (Malaysia) Sdn Bhd, HSBC Electronic Data Processing (Philippines) Inc and HSBC Electronic Data Processing Lanka Private Limited were transferred to HSBC Global Resourcing UK Limited in exchange for one ordinary share of US\$1 in HSBC Global Resourcing UK Limited per transfer. Also an additional US\$32.8 million was invested in HSBC Global Resourcing UK Limited in March 2007.

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### 9 Interests in associates and joint ventures

	USD 000
Cost	
At 1 January 2006	—
Additions	61,296
	<hr/>
<b>At 31 December 2006</b>	<b>61,296</b>
	<hr/>

During 2006 the company acquired a 19.99% interest in two Mexican companies, Financiera Independencia S A de C V and Serfincor S A de C V

During 2006 there were no distributions from associates and joint ventures

### 10 Called up share capital

The share capital of the Company at 31 December 2006 and 31 December 2005 was as follows

	Number	Value GBP	Value USD
<b>Authorised</b>			
Ordinary shares of £1 each	1,000	1,000	-
<b>Allotted and called up</b>			
Ordinary shares of £1 each			
2006	117	<hr/> 117	<hr/> 179
2005	114	<hr/> 114	<hr/> 173

The three shares allotted during the year ended 31 December 2006 have been fixed into US dollars at the exchange rate as at the date of issue which averaged GBP 1 = USD 1.83. These shares were issued at a premium of US\$1,109,012,019 to the parent HSBC Holdings plc

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### 11 Notes on the cash flow statement

	2006 USD 000	2005 USD 000
<b>Change in operating assets:</b>		
Change in other assets	—	(80,075)
	<u>—</u>	<u>(80,075)</u>
<b>Change in operating liabilities:</b>		
Change in Loans due to HSBC Undertakings	27,008	(198)
	<u>27,008</u>	<u>(198)</u>
<b>Cash and cash equivalents comprise:</b>		
Short term and overnight deposits	1,446	1,166
Bank balances with HSBC undertakings	94	265
	<u>1,540</u>	<u>1,431</u>

Interest paid during the year was US\$1,673,265 (2005 US\$nil) Interest received during the year was US\$6,570,964 (2005 US\$32,601)

Dividends declared and paid during the year were \$US 1,661,400,000 (2005 US\$1,453,500,000)

Dividends received during the year were \$US 1,501,605,842 (2005 US\$1,613,675,598)

### 12 Loans due to HSBC undertakings

	Due	Interest	2006 US 000	2005 US 000
<b>Current liabilities</b>				
HSBC Holdings plc-				
Accrued interest payable			13	-
<b>Non Current liabilities</b>				
HSBC Holdings plc	31/03/2011	5.56%	<u>27,000</u>	<u>-</u>
			<u>27,013</u>	<u>-</u>

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### 13 Maturity analysis of assets and liabilities

2006	Due within one year USD 000	Due after more than one year USD 000	Total USD 000
<b>ASSETS</b>			
Amounts due from HSBC undertakings	-	4,746	4,746
Total at 31 December 2006	-	4,746	4,746
<b>LIABILITIES</b>			
Loans due to HSBC undertakings	13	27,000	27,013
Total at 31 December 2006	13	27,000	27,013
<b>2005</b>			
<b>ASSETS</b>			
Loans to HSBC undertakings	-	72,931	72,931
Total at 31 December 2005	-	72,931	72,931
<b>LIABILITIES</b>			
Amounts owed to HSBC undertakings	-	5	5
Total at 31 December 2005	-	5	5

# HSBC Overseas Holdings (UK) Limited

## Notes on the Financial Statements *(continued)*

### 14 Related party transactions

	2006		2005	
	Highest balance during the year <sup>1</sup> USD 000	Balance at the year end <sup>1</sup> USD 000	Highest balance during the year <sup>1</sup> USD 000	Balance at the year end <sup>1</sup> USD 000
<b>Assets</b>				
Cash at bank	780,234	1,540	1,431	1,431
Investment in subsidiaries	24,672,049	24,654,102	23,584,442	23,584,442
Interest in associates and joint ventures	61,296	61,296	-	-
Amounts due from HSBC undertakings	103,743	4,746	72,931	72,931
Other assets	12	12	-	-
<b>Total related party assets</b>	<b>25,617,334</b>	<b>24,721,696</b>	<b>23,658,804</b>	<b>23,658,804</b>
<b>Liabilities</b>				
Amounts owed to HSBC undertakings	-	-	5	5
Loans due to HSBC undertakings	61,994	27,013	-	-
<b>Total related party liabilities</b>	<b>61,994</b>	<b>27,013</b>	<b>5</b>	<b>5</b>

*1 The disclosure of the year-end balance and the highest balance during the year is considered the most meaningful information for shareholders*

The above table represents transactions with related parties of the company

The above transactions were made in the ordinary course of business on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties

### 15 Parent undertaking

The Company's ultimate holding company is HSBC Holdings plc

The accounts of the Company are consolidated within the financial statements of HSBC Holdings plc. Copies of the financial statements of HSBC Holdings plc may be obtained from its registered office as stated below, or from the Group's web site, [www.hsbc.com](http://www.hsbc.com)

HSBC Holdings plc  
8 Canada Square  
London  
E14 5HQ