

HSBC Overseas Holdings (UK) Limited

Report of the Directors and Financial Statements

31 December 2003

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

The Directors submit their report and the audited financial statements for the year ended 31 December 2003.

Principal activities and business review

The Company acts as an investment holding company. No change in the Company's activities is anticipated.

Results and dividends

The results for the year ended 31 December 2003 are incorporated within the accompanying profit and loss account.

Directors

The Directors who served during the year were R G Barber and C D Spooner. D J Flint was appointed to the Board with effect from 7 January 2004.

Directors' interests

All the Directors' interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, required to be disclosed under the Companies Act 1985, are set out below.

	HSBC Holdings plc	
	Ordinary shares of US\$0.50 each	
	At 31 December 2002	At 31 December 2003
R G Barber	67,431	68,661
C D Spooner	20,032	20,246

During the year C D Spooner was granted options over 3,070 HSBC Holdings plc Ordinary shares of US\$0.50 each, none of which were exercised during the year.

The terms of a number of Employee Benefit Trusts provide that all employees of HSBC Holdings plc and any of its subsidiary undertakings are potential beneficiaries of the Trusts. As potential beneficiaries of the Trusts, R G Barber and C D Spooner are deemed to have a technical interest in all of the HSBC Holdings plc ordinary shares of US\$0.50 each held by the Trusts. At 31 December 2003 the Trusts held a total of 110,770,974 ordinary shares of US\$0.50 each (1 January 2003: 88,431,358).

D J Flint is also a director of HSBC Holdings plc, the ultimate parent undertaking, and his interests are dealt with in the report of that company.

HSBC Overseas Holdings (UK) Limited

Report of the Directors *(continued)*

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.

During the period, 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.

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 Auditor's statement of responsibilities set out in its report on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The Directors are required to prepare these financial statements on the going concern basis unless it is not appropriate. Since the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

The Directors consider that in preparing the financial statements on pages 5 to 9, the Company has used appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

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

By order of the Board



P A Stafford
Secretary

8 Canada Square
London
E14 5HQ

Dated: 18 June 2004

HSBC Overseas Holdings (UK) Limited

Independent auditor's report to the Members of HSBC Overseas Holdings (UK) Limited

We have audited the financial statements on pages 5 to 9.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent Auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

Basis of opinion

We conducted our audit in accordance with auditing standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants

Registered Auditor

London

Dated: 18 June 2004

HSBC Overseas Holdings (UK) Limited

Profit and loss account

for the year ended 31 December 2003

	2003 USD	2002 USD
Profit on ordinary activities before tax	-	-
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after tax	-	-
Retained profit for the year	-	-

The Company has no recognised gains or losses other than those reflected in the profit and loss account.

No note of historical cost profits and losses has been presented as there is no material difference between the Company's results as disclosed in the profit and loss account and the results on an unmodified historical basis.

All amounts relate to continuing activities.

The notes on pages 7 to 9 form part of these financial statements.

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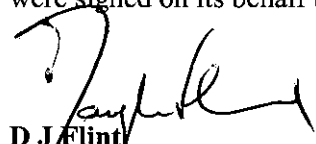
Balance sheet at 31 December 2003

	Notes	2003 USD	2002 USD
Financial fixed assets			
Investments	5	<u>16,300,000</u>	<u>11,300,000</u>
		16,300,000	11,300,000
Current assets			
Other amounts owed from Group undertakings		155	155
		<u>16,300,155</u>	<u>11,300,155</u>
Capital and reserves			
Called up share capital	6	158	157
Share premium account	7	16,299,997	11,299,998
Profit and loss account		-	-
Shareholders' funds		<u>16,300,155</u>	<u>11,300,155</u>

Reconciliation of movements in shareholders' funds for the year ended 31 December 2003

	Notes	2003 USD	2002 USD
Profit for the year attributable to shareholders		-	-
New share capital subscribed		<u>5,000,000</u>	<u>11,300,000</u>
Net addition to shareholders' funds		5,000,000	11,300,000
Shareholders' funds at 1 January		<u>11,300,155</u>	<u>155</u>
Shareholders' funds at 31 December		<u>16,300,155</u>	<u>11,300,155</u>

These financial statements were approved by the Board of Directors on 18 June 2004 and were signed on its behalf by:


D J Flint
Director

HSBC Overseas Holdings (UK) Limited

Notes on the Financial Statements

1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In accordance with Financial Reporting Standard 1 (revised 1996), "Cash Flow Statements", no cash flow statement is presented as all voting rights are controlled by HSBC Holdings plc which publishes such a statement in its own publicly available accounts.

The Company complies with the requirements of Financial Reporting Standard 8, "Related Party Disclosures". No disclosure is presented of transactions between entities that are part of the HSBC Group in accordance with the exemptions granted to qualifying subsidiary undertakings under FRS 8, "Related Party Disclosures".

The Company has adopted the provisions of Financial Reporting Standard 19, "Deferred Tax" with effect from 1 January 2002.

2 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

(b) Foreign currency

In accordance with SSAP20, foreign currency monetary items are translated into US dollars at exchange rates ruling at the balance sheet date. Differences arising from the translation of balances in foreign currencies are dealt with in the profit and loss account. The sterling share capital is not retranslated but was fixed at the exchange rate ruling on the date the Company changed its functional currency to US dollars.

(c) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in full on timing differences between the accounting and taxation treatment of income and expenditure, subject to recoverability of deferred tax assets. Deferred tax balances are not discounted.

HSBC Overseas Holdings (UK) Limited

Notes on the Financial Statements *(continued)*

(d) Investments

Investments are stated at cost, less provisions if the directors determine that there has been a permanent diminution in value.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

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 Auditors' 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 Financial fixed assets

Shares in subsidiary undertakings:

	USD
Cost	
At 1 January 2003	11,300,000
Additions	<u>5,000,000</u>
At 31 December 2003	<u>16,300,000</u>

The subsidiary undertakings of the Company are:

Name	Share Capital	% Interest	Country of incorporation
HSBC Electronic Data Processing (Malaysia) Sdn Bhd	Ordinary	100.0	Malaysia

HSBC Overseas Holdings (UK) Limited

Notes on the Financial Statements *(continued)*

6 Called up share capital

The share capital of the Company at 31 December was as follows:

	Number	Value GBP	Value USD
Authorised			
Ordinary shares of £1 each	1,000	-	-
Allotted and called up			
Ordinary shares of £1 each			
2003	102	<u>102</u>	<u>158</u>
2002	101	<u>101</u>	<u>157</u>

The GBP issued share capital up to 31 December 2002 has been recalculated and fixed into US dollars at the 31 August 2002 exchange rate of GBP 1 = USD 1.5465. The additional 1 share allotted during the year ended 31 December 2003 has been recalculated and fixed into US dollars at the 31 December 2003 exchange rate of GBP 1 = USD 1.7854.

7 Reserves

	USD
Share Premium account:	
At 1 January 2003	11,299,998
New share capital subscribed	<u>4,999,999</u>
At 31 December 2003	<u>16,299,997</u>

8 Parent undertaking

The Company's ultimate holding company is HSBC Holdings plc, a company registered in England.

The accounts of the Company are consolidated within the financial statements of HSBC Holding 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.

HSBC Holdings plc
8 Canada Square
London
E14 5HQ