

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD**  
(Company No. 1203702-U)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 JUNE 2018**  
(Revised)

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the unaudited interim financial statements for the period from 1 January 2018 to 30 June 2018 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and the BNM/RH/STD 032-5: Financial Reporting issued by Bank Negara Malaysia on 2 February 2018.

On behalf of

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**

**Feng Qi**

Chief Executive Officer

Date:

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	Note	Current quarter ended		Year-to-date ended	
		30-Jun 2018 RM'000	30-Jun 2017 RM'000	30-Jun 2018 RM'000	30-Jun 2017 RM'000
<b>Bank</b>					
Interest income	A6	33,396	10,162	63,019	23,638
Interest expense	A7	(18,713)	(1,801)	(36,171)	(2,213)
Net interest income		14,683	8,361	26,848	21,425
Other operating income	A8	1,724	2,581	2,632	4,444
Net income		16,407	10,942	29,480	25,869
Other operating expenses	A9	(12,425)	(6,681)	(22,828)	(16,566)
Operating profit before allowances Allowance for impairment on loans, and other losses	A10	3,982	4,261	6,652	9,303
Profit before taxation		(3,035)	(1,411)	(4,653)	(1,606)
Taxation	B3	947	2,850	1,999	7,697
Net profit for the financial period		(600)	(1,650)	(745)	(1,650)
Other comprehensive income in respect of:		347	1,200	1,254	6,047
(i) Items that will be reclassified subsequently to profit or loss:					
Unrealised net (loss)/gain on revaluation of FVOCI		(476)	469	(803)	156
Income tax relating to components of other comprehensive income/(loss)		136	(53)	169	(53)
Other comprehensive (loss)/income, net of tax, for the financial period		(340)	416	(634)	103
Total comprehensive income for the financial period		7	1,616	620	6,150

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

		<b>Bank</b>	
		<b>As at 30-Jun 2018</b>	<b>As at 31-Dec 2017</b>
		<b>RM'000</b>	<b>RM'000</b>
	Note		
<b>ASSETS</b>			
Cash and short-term funds	A11	505,271	819,618
Deposits and placements with banks and other financial institutions	A11	347,468	393,036
Statutory deposits with Bank Negara Malaysia		408	-
Financial assets at FVOCI	A12	398,290	156,305
Loans and advances	A13	2,156,775	1,291,227
Other assets	A14	4,203	7,505
Derivative assets	B5	17,469	14,209
Deferred tax assets		5,558	2,911
Property, plant and equipment	A17	11,354	10,482
Intangible assets		4,301	4,534
<b>TOTAL ASSETS</b>		<b>3,451,097</b>	<b>2,699,827</b>
<b>LIABILITIES</b>			
Deposits from customers	A15/B4	1,052,832	455,207
Deposits and placements of banks and other financial institutions		1,521,842	1,379,665
Other liabilities	A16	47,386	16,751
Derivative liabilities	B5	10,479	24,944
Provision for taxation		1,253	4,355
<b>TOTAL LIABILITIES</b>		<b>2,633,792</b>	<b>1,880,922</b>
<b>EQUITY</b>			
Share capital		822,600	822,600
Reserves		(5,295)	(3,695)
<b>TOTAL EQUITY</b>		<b>817,305</b>	<b>818,905</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,451,097</b>	<b>2,699,827</b>
		-	
<b>COMMITMENTS AND CONTINGENCIES</b>	A18	<b>2,569,312</b>	<b>2,142,522</b>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

Bank	Note	Share Capital RM'000	Non-Distributable Regulatory Reserves RM'000	FVOCI Reserves RM'000	Distributable Accumulated losses RM'000	Total Equity RM'000
<b>Balance as at 1 October 2016</b>		*				*
Issue of shares		822,600	-	-	-	<b>822,600</b>
Net profit for the financial period		-	-	-	(4,535)	(4,535)
Other comprehensive income, net of tax, for the financial period		-	-	840	-	840
Total comprehensive income for the financial period		-	-	840	(4,535)	(3,695)
<b>Balance as at 31 December 2017</b>		<b>822,600</b>	<b>-</b>	<b>840</b>	<b>(4,535)</b>	<b>818,905</b>
<b>Balance as at 1 January 2018</b>		<b>822,600</b>	<b>-</b>	<b>840</b>	<b>(4,535)</b>	<b>818,905</b>
Changes on initial application of MFRS 9		-	-	-	(2,220)	(2,220)
<b>Restated balance as at 1 January 2018</b>		<b>822,600</b>	<b>-</b>	<b>840</b>	<b>(6,755)</b>	<b>816,685</b>
Net profit for the financial period		-	-	-	1,254	1,254
Other comprehensive income, net of tax, for the financial period		-	-	(634)	-	(634)
Total comprehensive income for the financial period		-	-	(634)	1,254	620
<b>Balance as at 30 June 2018</b>		<b>822,600</b>	<b>-</b>	<b>206</b>	<b>(5,501)</b>	<b>817,305</b>

\* On date of incorporation, 2 subscribers' shares were issued for cash consideration of RM1 each

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	<b>30-Jun 2018</b>	<b>30-Jun 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	1,254	7,697
Adjustments for:		
Allowance for impairment on loans and advances	4,653	1,606
Depreciation of property, plant and equipment:	1,424	776
Amortisation of intangible assets	232	-
Interest income from financial investments available-for-sale	(4,376)	422
Unrealised loss arising from derivatives	-	184
Operating profit before working capital changes	<u>3,187</u>	<u>10,685</u>
 (Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	45,568	(514,418)
Derivative Assets	(3,260)	56
Loans and advances	(871,144)	(294,111)
Other assets	<u>3,302</u>	<u>(6,910)</u>
	<u>(825,534)</u>	<u>(815,383)</u>
 Increase in operating liabilities:		
Deposits from customers	597,625	322,445
Deposits and placements of banks and other financial institutions	142,003	-
Derivative Liabilities	(14,465)	-
Other liabilities	<u>29,398</u>	<u>1,500</u>
	<u>754,561</u>	<u>323,945</u>
 Cash used in operations	(67,786)	(480,753)
Net tax paid	(6,325)	-
Net cash used in from operating activities	<u>(74,111)</u>	<u>(480,753)</u>
<b>Cash flows from investing activities</b>		
Purchase of financial investments available-for-sale	(241,666)	(97,986)
Interest received from financial investments available-for-sale	4,133	-
Property, plant and equipment:		
- Purchase	(2,295)	(6,908)
Net cash used in investing activities	<u>(239,828)</u>	<u>(104,894)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	-	822,600
Net cash generated from financing activities	<u>-</u>	<u>822,600</u>
 Net increase in cash and cash equivalents	(313,939)	236,953
Cash and cash equivalents:		
- at the beginning of the financial period	<u>819,618</u>	<u>-</u>
- at the end of the financial period	<u><u>505,679</u></u>	<u><u>236,953</u></u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A1. Basis Of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, and 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB').

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since incorporation. The interim financial statements does not include notes of the type normally included in an annual financial report.

The adoption of the new standards, amendments to published standards and interpretations are not expected to have significant impact on the financial results of the Bank.

The preparation of unaudited interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**Changes in accounting policies**

CCBM had adopted MFRS 9 as issued by MASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. CCBM did not early adopt any of MFRS 9 in previous periods.

As permitted by the transitional provisions of MFRS 9, CCBM elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to MFRS 7 disclosures have also only been applied to current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of MFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities. MFRS 9 also significantly amends other standards dealing with financial instruments such as MFRS 7 "Financial Instruments: Disclosures".

**(a) Classification and measurement of financial instruments**

There is no changes to classification and measurements of financial instruments.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

A1. Basis Of Preparation (Continued)

(a) Classification and measurement of financial instruments

**Reconciliation of statement of financial position balances from MFRS 139 to MFRS 9**

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with MFRS 139 to their new measurement categories upon transition to MFRS 9 on 1 January 2018:

	MFRS 139 measurement category	MFRS 9 measurement category	MFRS 139 Carrying amount as at 31.12.2017	Reclassification	Carrying amount after reclassification	MFRS 9 remeasurement including ECL	MFRS 9 carrying amount as at 1.1.2018
<b>FINANCIAL ASSETS</b>							
Cash and short term funds	Loans and receivables	Amortised costs	819,618	-	819,618	-	819,618
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised costs	393,036	-	393,036	(174)	392,862
Financial assets at FVOCI	Available for sale financial instruments	FVOCI	156,305	-	156,305	-	156,305
Loans and advances	Loans and receivables	Amortised costs	1,291,227	-	1,291,227	(809)	1,290,418
Derivative assets	Fair Value	FVTPL	14,209	-	14,209	-	14,209
			<b>2,674,395</b>	<b>-</b>	<b>2,674,395</b>	<b>(983)</b>	<b>2,673,412</b>
<b>FINANCIAL LIABILITIES</b>							
Derivative liabilities	Fair Value	FVTPL	24,944	-	24,944	-	24,944
			<b>24,944</b>	<b>-</b>	<b>24,944</b>	<b>-</b>	<b>24,944</b>

**Reconciliation of impairment allowance balance from MFRS 139 to MFRS 9**

The following table reconciles the prior period's closing impairment allowance measured in accordance with the MFRS 139 incurred loss model to the new impairment allowance measured in accordance with the MFRS 9 expected loss model at 1 January 2018:

	Loan loss allowance under MFRS 139 as at 31.12.2017	Reclassification	Loan loss allowance under MFRS 9 Remeasurement as at 1.1.2018	
Cash and short-term funds	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	174	174
Financial assets at FVOCI	-	-	-	-
Loans and advances	6,520	-	809	7,329
	<b>6,520</b>	<b>-</b>	<b>983</b>	<b>7,503</b>



**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A2. Seasonal Or Cyclical Factors**

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

**A3. Exceptional Or Unusual Items**

There were no exceptional or unusual items for the period from 1 January 2018 to 30 June 2018.

**A4. Changes In Estimates**

There were no material changes in estimates that have a material effect for the period from 1 January 2018 to 30 June 2018.

**A5. Changes In Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period from 1 January 2018 to 30 June 2018.

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A6. Interest Income**

	Current quarter ended		Year-to-date ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	20,037	2,296	33,566	2,313
Deposits and placements with banks and other financial institutions	10,674	6,662	25,077	19,615
Financial investments AFS	2,685	1,204	4,376	1,710
	<u>33,396</u>	<u>10,162</u>	<u>63,019</u>	<u>23,638</u>

**A7. Interest Expense**

<b>Bank</b>				
Deposits and placements of banks and other financial institutions	10,323	483	19,731	770
Deposits from customers	8,390	1,318	16,440	1,443
	<u>18,713</u>	<u>1,801</u>	<u>36,171</u>	<u>2,213</u>

**A8. Other Operating Income**

<b>Bank</b>				
<b>Fee income</b>				
- Service charges and fees	65	2	132	2
- Guarantee fees	31	260	31	314
- Commitment fees	675	627	1,034	627
- Other fee income/(expenses)	450	(22)	682	1,548
	<u>1,221</u>	<u>867</u>	<u>1,879</u>	<u>2,491</u>
<b>Net gain/(loss) arising from derivatives</b>				
- Realised	(2,059)	3,701	(33,490)	3,701
- Unrealised	12,363	(1,329)	17,724	(1,329)
	<u>10,304</u>	<u>2,372</u>	<u>(15,766)</u>	<u>2,372</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A8. Other Operating Income (continued)**

	Current quarter ended		Year-to-date ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
<b>Bank (continued)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other income</b>				
Foreign exchange gain/(loss):				
- Realised	(9,827)	(661)	16,426	(422)
Other non-operating income	26	3	93	3
	<u>(9,801)</u>	<u>(658)</u>	<u>16,519</u>	<u>(419)</u>
	<u>1,724</u>	<u>2,581</u>	<u>2,632</u>	<u>4,444</u>

**A9. Other Operating Expenses**

**Bank**

**Personnel costs**

- Salaries, allowances and bonuses	7,287	4,103	12,132	5,503
- Defined contribution plan	571	382	992	382
- Other staff related costs	175	304	343	304
	<u>8,033</u>	<u>4,789</u>	<u>13,467</u>	<u>6,189</u>

**Establishment costs**

- Depreciation of property, plant and equipment:	763	(41)	1,424	288
- Amortisation of intangible assets	117	488	232	488
- Rental	692	530	1,355	530
- Insurance	10	24	35	24
- Water and electricity	15	17	21	17
- Repair and maintenance	1,337	8	2,381	8
- Security and escorting expenses	17	24	41	24
- Information technology expenses	-	85	-	1,233
	<u>2,951</u>	<u>1,135</u>	<u>5,489</u>	<u>2,612</u>

**Marketing expenses**

- Advertisement and publicity	15	-	267	264
- Others	191	62	361	62
	<u>206</u>	<u>62</u>	<u>628</u>	<u>326</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A9. Other Operating Expenses (continued)**

	Current quarter ended		Year-to-date ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Administration and general expenses</b>				
- Communication expenses	221	206	451	206
- Legal and professional fee	217	37	562	37
- Others	797	452	2,231	7,196
	<u>1,235</u>	<u>695</u>	<u>3,244</u>	<u>7,439</u>
	<u>12,425</u>	<u>6,681</u>	<u>22,828</u>	<u>16,566</u>

**A10. Allowance for Impairment on Loans and Other Losses**

<b>Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	(171)	-	-	(171)
Financial assets at FVOCI	250	-	-	250
Loans and advances	4,787	-	-	4,787
Commitments and contingencies	(213)	-	-	(213)
	<u>4,653</u>	<u>-</u>	<u>-</u>	<u>4,653</u>

	Current quarter ended		Year-to-date ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for impaired loans and other losses:				
- Collective impairment allowance	3,035	1,411	4,653	1,606
	<u>3,035</u>	<u>1,411</u>	<u>4,653</u>	<u>1,606</u>

**A11. Cash and short-term funds**

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	505,274	819,618
Deposits and placements with banks and other financial institutions	347,468	393,036
	<u>852,742</u>	<u>1,212,654</u>
Less: ECL Allowance	(3)	-
	<u>852,739</u>	<u>1,212,654</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A11. Cash and short-term funds (Continued)**

**Movement of allowance for credit loss on cash and short-term funds and deposit and placements with banks and other financial institutions**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>ECL Allowance</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 31 December 2017	-	-	-	-
Effect of adopting MFRS9 Financial Instruments	174	-	-	174
<b>As at 1 January 2018, restated</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>174</b>
Provision reversal during the period	(251)	-	-	(251)
New financial deposits and placement with financial institutions	80	-	-	<b>80</b>
	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

**A12. Financial assets at FVOCI**

	<u>As at 30 June 2018</u>	<u>As at 31 December 2017</u>
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	154,326	156,305
Malaysian Government Investment Issues	202,802	-
	<u>357,128</u>	<u>156,305</u>
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond	41,162	-
	<u>398,290</u>	<u>156,305</u>

**Movement of allowance for credit loss to comprehensive income**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<b>ECL Allowance</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 31 December 2017	-	-	-	-
Effect of adopting MFRS9 Financial Instruments	-	-	-	-
<b>As at 1 January 2018, restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provision reversal during the period	33	-	-	33
New financial instrument classified under FVOCI	217	-	-	217
	<b>250</b>	<b>-</b>	<b>-</b>	<b>250</b>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

**A13. Loans and Advances**

**(a) By type**

	<b>As at 30 June 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>
<b>Bank</b>		
<b>At amortised cost</b>		
Overdrafts	1,017	-
Term loans		
- Syndicated term loans	1,060,062	657,982
- Other term loans/financing	603,282	325,850
Trust receipts	40,755	68,903
Revolving credits/financing	463,775	245,012
Gross loans and advances	<u>2,168,891</u>	<u>1,297,747</u>
Allowance for impaired loans and advances		
- Collective impairment allowance	(12,116)	(6,520)
Net loans and advances	<u><u>2,156,775</u></u>	<u><u>1,291,227</u></u>

**(b) By type of customer**

Business enterprises	2,107,035	1,233,499
Government and statutory bodies	61,856	64,248
	<u>2,168,891</u>	<u>1,297,747</u>

**(c) By geographical distribution**

Malaysia	973,627	629,558
Hong Kong	272,403	304,174
Philippines	161,608	162,155
United Arab Emirates	61,856	64,247
China	535,841	120,094
Indonesia	163,556	17,519
	<u>2,168,891</u>	<u>1,297,747</u>

**(d) By interest/profit rate sensitivity**

Variable rate		
- Cost-plus	2,168,891	1,297,747
	<u>2,168,891</u>	<u>1,297,747</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
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**A13. Loans and Advances (continued)**

**(e) By purpose**

	<b>As at 30 June 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>
<b>Bank</b>		
Working capital	993,943	607,629
Merger and acquisition	174,421	81,026
Purchase of transport vehicle	291,427	154,048
Other purposes	709,100	455,044
	<u>2,168,891</u>	<u>1,297,747</u>

**(f) By remaining contractual maturities**

Maturity within one year	952,268	557,401
One year to three years	353,714	231,076
Three years to five years	527,061	310,756
Over five years	335,848	198,514
	<u>2,168,891</u>	<u>1,297,747</u>

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**A13. Loans and Advances (continued)**

**(g) Movement of allowance for credit loss**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance is as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Gross Carrying Amount</b>				
As at 31 December 2017	-	-	-	-
Effect of adopting MFRS9 Financial Instruments	1,297,747	-	-	1,297,747
<b>Restated balance as at 1 January 2018</b>	<b>1,297,747</b>	<b>-</b>	<b>-</b>	<b>1,297,747</b>
Repayment	(1,884,390)	-	-	(1,884,390)
New loans/financing originated or purchased	2,755,534	-	-	2,755,534
	<u>2,168,891</u>	<u>-</u>	<u>-</u>	<u>2,168,891</u>

	<u>Collective impairment allowance</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>ECL Allowance</b>					
As at 31 December 2017	6,520	-	-	-	6,520
Effect of adopting MFRS9 Financial Instruments	(6,520)	7,329	-	-	809
<b>Restated balance as at 1 January 2018</b>	<b>-</b>	<b>7,329</b>	<b>-</b>	<b>-</b>	<b>7,329</b>
Repayment	-	(6,710)	-	-	(6,710)
New loans/financing originated or purchased	-	11,497	-	-	11,497
	<u>-</u>	<u>12,116</u>	<u>-</u>	<u>-</u>	<u>12,116</u>



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**A13. Loans and Advances (continued)**

**(h) Impaired loans and advances**

	<b>As at 30 June 2018 RM'000</b>	<b>As at 31 December 2017 RM'000</b>
<b>Collective impairment allowance</b>		
Balance as at beginning of financial year	7,329	-
Net allowance made	4,787	6,520
Balance as at the end of financial year	<u>12,116</u>	<u>6,520</u>

**A14. Other Assets**

Other receivables	159	485
Deposits	782	824
Prepayments	1,142	196
Cash collateral pledged for derivative transactions	2,120	6,000
	<u>4,203</u>	<u>7,505</u>

**A15. Deposits from Customers**

**(a) By type of deposits**

**Bank**

Demand deposits	145,846	286,274
Fixed/investment deposits	906,986	168,933
	<u>1,052,832</u>	<u>455,207</u>

**(b) By type of customer**

**Bank**

Business enterprises	<u>1,052,832</u>	<u>455,207</u>
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**(c) By maturity structure of fixed/investment deposits**

**Bank**

Due within six months	891,823	157,456
Six months to one year	7,508	3,068
One year to three years	7,655	8,409
	<u>906,986</u>	<u>168,933</u>

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**A16. Other Liabilities**

	<b>As at 30 June 2018</b>	<b>As at 31 December 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
Other creditors and accruals	6,184	4,841
Deferred Income	12,123	10,620
Expected credit loss - loan commitments	1,023	-
Cash collateral pledged for derivative transactions	28,056	1,290
	<u>47,386</u>	<u>16,751</u>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Movement in loss allowance for contingencies and commitments</u></b>				
As at 31 December 2017	-	-	-	-
Effect of adopting MFRS9 Financial Instruments	1,237	-	-	1,237
<b>Restated balance as at 1 January 2018</b>	<b>1,237</b>	<b>-</b>	<b>-</b>	<b>1,237</b>
Repayment	(861)	-	-	(861)
New loans/financing originated or purchased	647	-	-	647
	<u>1,023</u>	<u>-</u>	<u>-</u>	<u>1,023</u>

**A17. Valuation of Property, Plant and Equipment**

The property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**A18. Commitments and Contingencies**

<b>Bank</b>	<b>30 June 2018</b>		
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Assets RM'000</b>
Short-term self-liquidating trade-related contingencies	13,094	3,455	3,455
Transaction-related contingent items	112,965	53,021	30,423
Irrevocable commitments to extend credit			
- Less than one year	15,987	3,197	3,197
- More than one year	263,544	131,772	131,772
Foreign exchange-related contracts:			
- Less than one year	2,163,722	20,577	5,884
	<u>2,569,312</u>	<u>212,022</u>	<u>174,731</u>

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**A18. Commitments and Contingencies (Continued)**

<b>Bank</b>	<b>31 December 2017</b>		
	<b>Principal Amount</b>	<b>Credit</b>	<b>Risk Weighted</b>
	<b>RM'000</b>	<b>Amount</b>	<b>Assets</b>
		<b>RM'000</b>	<b>RM'000</b>
Short-term self-liquidating trade-related contingencies	69,666	16,416	16,416
Transaction-related contingent items	106,700	49,590	26,601
Irrevocable commitments to extend credit			
- Less than one year	27,000	5,400	5,400
- More than one year	224,383	112,191	112,191
Foreign exchange-related contracts:			
- Less than one year	1,714,773	12,850	4,776
	<u>2,142,522</u>	<u>196,447</u>	<u>165,385</u>

**A19. Capital Adequacy Ratio**

BNM Guidelines on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

(a) The capital adequacy ratios of the Bank is as follow:

<b>Bank</b>	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier I ('CET I')/Tier I Capital</b>		
Paid-up ordinary share capital	822,600	822,600
Accumulated losses	(6,755)	(4,535)
FVOCI reserves	206	840
	<u>816,051</u>	<u>818,905</u>
<b>Regulatory adjustment applied in the calculation of CET 1 Capital</b>		
(Less): 55% of cumulative gains of FVOCI financial instruments	(113)	(462)
(Less): Other Intangibles	(5,013)	(5,013)
(Less): Deferred tax assets	(5,558)	(2,911)
	<u>805,367</u>	<u>810,519</u>
<b>Common Equity Tier 1 (CET1) and Tier 1 Capital</b>		
<b>Tier II Capital</b>		
Collective impairment allowance and regulatory reserves	12,116	6,520
	<u>12,116</u>	<u>6,520</u>
Total Tier II Capital		
	<u>12,116</u>	<u>6,520</u>
<b>Total Capital</b>	<u>817,483</u>	<u>817,039</u>

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**A19. Capital Adequacy Ratio (continued)**

(a) The capital adequacy ratios of the Bank is as follow (continued):

Capital ratios

Before proposed dividends:

CET I Capital Ratio	35.095%	51.598%
Tier I Capital Ratio	35.095%	51.598%
Total Capital Ratio	35.623%	52.013%

# Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

^ Excludes collective impairment allowance attributable to loans and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

(b) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows;

	<b>As at 30 June 2018</b>	<b>As at 31 December 2017</b>
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	2,201,513	1,457,358
Market risk	19,835	21,816
Operational risk	73,474	91,672
Total risk-weighted assets	<u><b>2,294,822</b></u>	<u><b>1,570,846</b></u>

The total risk-weighted assets of the Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

**A20. Credit exposures arising from transactions with connected parties**

Credit exposures with connected parties as per BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

<b>Bank</b>	<b>As at 30 June 2018</b>	<b>As at 31 December 2017</b>
Outstanding credit exposures with connected parties (RM'000)	<u>158,053</u>	<u>112,157</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	<u>4.52%</u>	<u>4.66%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default (%)	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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**B1. Review of Bank's Results**

China Construction Bank (Malaysia) Berhad ("CCBM")'s total assets stood at MYR 3.5 billion with stable execution progress. The main assets components are loans (MYR 2.2 billion), interbank placement (MYR 853 million) and debt securities (MYR 398 million). Whilst total liabilities is MYR 2.6 billion mainly consists of corporate deposit (MYR 1.1 billion) and interbank borrowing (MYR 1.5 billion).

As of the end of June 2018, CCBM recorded operating income of MYR 29.5 million, of which net interest income is MYR 26.8 million, and non interest income MYR 2.6 million.

Based on the average balance of incremental assets quarter to quarter, the return on assets and return on equity are expected to gradually improve following the growth of the asset size of CCBM.

**B2. Prospects for Financial Year 2018**

In year 2018 CCBM will focus on parent bank's direction for overseas development strategy based on the Malaysian and the ASEAN market that includes the following:

- 1) Actively cooperate with "One Belt One Road" strategy, in supporting the development of related infrastructure projects, trade financing business, strengthen product innovation.
- 2) Cooperation with local banks to expand cross-border CNY settlements business and strengthen CNY capital market in the local financial market, actively promote QFII investment, increase the volume of foreign CNY funds, enrich the overseas CNY investment channels.
- 3) Develop and strengthen cash management business with corporate customers, provide short term financing, investment and related financial services riding on the supply chain relationship.
- 4) Strive to develop overseas markets, cooperate with intergroup including foreign branches and subsidiaries, provide more opportunities and diversified financial services for cross-border corporate clients.

**B3. Taxation**

	2nd quarter ended		Year-to-date ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Bank	RM'000	RM'000	RM'000	RM'000
Income tax	600	1,650	745	1,650
	<u>600</u>	<u>1,650</u>	<u>745</u>	<u>1,650</u>

The effective tax rate of the Bank for the three months ended 30 June 2018 was higher than the statutory tax rate.

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**B4. Deposits from Customers and Placements of Banks and Other Financial Institutions**

**(a) Deposits from customers and placements of banks  
and other financial institutions**

	As at 30 June 2018	As at 31 December 2017
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers		
- One year or less	1,045,177	446,798
- More than one year	7,655	8,409
	<u>1,052,832</u>	<u>455,207</u>

**B5. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

(a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional

	<u>As at 30 June 2018</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By type</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	2,163,722	17,469	10,479
Total	<u>2,163,722</u>	<u>17,469</u>	<u>10,479</u>

	<u>As at 31 December 2017</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By type</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	1,714,773	14,209	24,944
Total	<u>1,714,773</u>	<u>14,209</u>	<u>24,944</u>

	<u>As at 30 June 2018</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By remaining period to maturity/next re-pricing date</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	2,163,722	17,469	10,479
	<u>2,163,722</u>	<u>17,469</u>	<u>10,479</u>

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**B5. Derivative Financial Instruments (Continued)**

- (a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

	<u>As at 31 December 2017</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value Assets</u>	<u>Liabilities</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<b>By remaining period to maturity/next re-pricing date</b>		
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	1,714,773	14,209	24,944
	<u>1,714,773</u>	<u>14,209</u>	<u>24,944</u>

**B6. Fair Value of Financial Instruments**

The Group and the Bank analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

<b>Bank</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>30 June 2018</b>				
<u>Financial assets</u>				
Financial assets at FVOCI	-	398,290	-	398,290
- Debt Securities	-	398,290	-	398,290
Derivative assets	-	17,469	-	17,469
	<u>-</u>	<u>415,759</u>	<u>-</u>	<u>415,759</u>
<u>Financial liabilities</u>				
Derivative liabilities	-	10,479	-	10,479

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**B6. Fair Value of Financial Instruments (Continued)**

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2017</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVOCI	-	156,305	-	156,305
- Debt Securities	-	156,305	-	156,305
Derivative assets	-	14,209	-	14,209
	-	170,514	-	170,514
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	24,944	-	24,944

(i) Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

**B7. Significant Events During the Financial Year**

There were no significant events that had occurred between 1 January 2018 to the date of this announcement.

**B8. Dividends**

(a) The Directors have not proposed for any dividend for the six months ended 30 June 2018.