

China Guangfa Bank Co., Ltd.,
Macau Branch

Disclosure of Interim Financial Information
30 June 2017

China Guangfa Bank Co., Ltd., Macau Branch
Summarised Financial Information
Balance Sheet
As at 30 June 2017

	<i>As at 30 June 2017</i>		
	<i>Amounts</i>	<i>Reserves, depreciation and provision</i>	<i>Net Amount</i>
	MOP'000	MOP'000	MOP'000
Assets			
Cash	159,229	-	159,229
Deposits at AMCM	532,937	-	532,937
Current deposits at other local credit institutions	79,177	-	79,177
Current deposits at other overseas credit institutions	351,325	-	351,325
Loans and advances	17,046,576	28,981	17,017,595
Placements to local credit institutions	1,199,914	-	1,199,914
Call and fixed deposits at overseas credit institutions	10,030,165	-	10,030,165
Shares, bonds and equities	1,222,636	-	1,222,636
Debtors	3,107	-	3,107
Properties	55,841	21,119	34,722
Equipments	74,403	59,009	15,394
Internal and adjustment accounts	453,085	-	453,085
TOTAL	31,208,395	109,109	31,099,286

China Guangfa Bank Co., Ltd., Macau Branch
Summarised Financial Information
Balance Sheet (Continued)
As at 30 June 2017

	<i>As at 30 June 2017</i>	
	<i>Sub total</i>	<i>Total</i>
	MOP'000	MOP'000
Liabilities		
Current deposits	2,815,137	
Fixed deposits	16,348,076	19,163,213
Public sector deposits	583	
Amounts due to local institutions	803,990	
Amounts due to overseas credit institutions	9,977,440	
Cheques and bills payable	8,994	
Creditors	95,888	
Other liabilities	278	10,887,173
Internal and adjustment accounts		453,507
Operating fund		100,000
Revaluation reserves		1,496
Other reserves		205,920
Accumulated profit from prior years		195,805
Current period profit		92,172
TOTAL		31,099,286

China Guangfa Bank Co., Ltd., Macau Branch
Summarised Financial Information
Profit and Loss Account
For the six months ended 30 June 2017

<i>Income statement</i>			
	<i>For the six months ended 30 June 2017</i>		<i>For the six months ended 30 June 2017</i>
<i>Debit</i>	<i>Amounts MOP'000</i>	<i>Credit</i>	<i>Amounts MOP'000</i>
Operating costs	255,440	Operating income	363,111
Personnel expenses		Income from banking	
- Staff costs	35,610	services	335
- Staff benefits	1,746	Other operating income	19,215
Supplies by third parties	1,032	Income from securities	
Services provided by		and financial	
third parties	14,135	investments	32,757
Other banking expenses	1,699	Other banking income	67,235
Tax expenses	129	Non operating income	21
Non operating expenses	541		
Depreciation expenses	4,593		
Provision	247		
Operating profit	167,502		
TOTAL	482,674	TOTAL	482,674

China Guangfa Bank Co., Ltd., Macau Branch
Summarised Financial Information
Profit and Loss Account (Continued)
For the six months ended 30 June 2017

<i>Profit and loss account</i>			
	<i>For the six months ended 30 June 2017</i>		<i>For the six months ended 30 June 2017</i>
<i>Debit</i>	<i>Amounts MOP'000</i>	<i>Credit</i>	<i>Amounts MOP'000</i>
Other loss		Operating profit	167,502
Tax on profit	19,890		
Additional provision for loans under AMCM Rules	55,440		
Profit	92,172		
TOTAL	167,502	TOTAL	167,502

Approved and authorised for issue by the management of the Branch on 21 September 2017.



President

Hu Min

China Guangfa Bank Co., Ltd., Macau Branch
Cash Flow Statement
For the six months ended 30 June 2017

	<i>For the six months ended 30 June 2017 MOP'000</i>
Operating activities	
Profit before taxation	167,502
Adjustments for non-cash items:	
Depreciation	4,593
Interest income from investments	(31,200)
Exchange loss on revaluation of investments	(18,066)
Operating profit before changes in working capital	122,829
Increase in loans and other advances to customers	(721,368)
Decrease in trade bills	819,003
Increase in accrued interest	(15,755)
Decrease in other assets	28,197
Decrease in derivative financial assets	17,257
Increase in amounts due from Head Office and other branches	(4,373,091)
Increase in deposits and balances from banks and other financial institutions	3,763,229
Increase in customer deposits	1,479,026
Decrease in derivative financial liabilities	(118,253)
Increase in other liabilities	114,992
Decrease in amounts due to Head Office and other branches	(1,035,064)
	81,002

China Guangfa Bank Co., Ltd., Macau Branch
Cash Flow Statement (Continued)
For the six months ended 30 June 2017

	<i>For the six months ended 30 June 2017 MOP'000</i>
Cash flows generated from operating activities	81,002
Income tax paid	-
Net cash flows generated from operating activities	<u>81,002</u>
Investing activities	
Interest received from investments	36,051
Purchase of property, plant and equipment	(2,453)
Payment for purchase of investments	(1,199,914)
Proceeds from disposal of investments	<u>358,639</u>
Net cash used in investing activities	<u>(807,677)</u>
Financing activity	
Profit transferred to Head Office	-
Net cash used in financing activity	<u>-</u>
Net decrease in cash and cash equivalents	(726,675)
Cash and cash equivalents as at 1 January 2017	<u>3,960,206</u>
Cash and cash equivalents as at 30 June 2017	<u>3,233,531</u>

China Guangfa Bank Co., Ltd., Macau Branch
Cash Flow Statement (Continued)
For the six months ended 30 June 2017

*For the six
months ended
30 June 2017*
MOP'000

The following shows the analysis of the Branch's cash and cash equivalents:

Cash and short-term funds with original maturity of less than three months	1,102,927
Placements with banks and other financial institutions with original maturity of less than three months	1,354,666
Placements with Head Office and other branches with original maturity of less than three months	<u>775,938</u>
	<u><u>3,233,531</u></u>

China Guangfa Bank Co., Ltd., Macau Branch
Off-Balance Sheet Exposures
30 June 2017

(a) *Contingent liabilities and commitments*

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	<i>As at 30 June 2017 MOP'000</i>
Direct credit substitutes	8,360,312
Trade-related contingencies	114,719
Undrawn credit facilities and other commitments to extend credit	<u>6,317,226</u>
	<u>14,792,257</u>

(b) *Derivatives*

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following is a summary of the notional amounts, credit risk weighted amounts and fair value of each significant type of derivatives entered into by the Branch:

	<i>As at 30 June 2017</i>			
	<i>Notional amount</i>	<i>Credit risk weighted amount</i>	<i>Fair value</i>	
	<i>MOP'000</i>	<i>MOP'000</i>	<i>Assets MOP'000</i>	<i>Liabilities MOP'000</i>
Exchange rate contracts	<u>10,696,097</u>	<u>106,961</u>	<u>84,845</u>	<u>99,083</u>

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Related Parties Transactions

(a) *Transactions with key management personnel*

The remuneration of key management personnel, which is included in “staff costs”, is as follows:

*For the six
months ended
30 June 2017
MOP'000*

Executive officers	<u>3,077</u>
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During the six months ended 30 June 2017, the Branch provided credit facilities to key management personnel of the Branch and companies controlled or significantly influenced by them. The credit facilities were provided in the ordinary course of business and on substantially the same terms as for comparable transactions with persons of a similar standing or, where applicable, with other employees.

*For the six
months ended
30 June 2017
MOP'000*

Outstanding loans	<u>19,593</u>
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No impairment losses have been recorded against balances outstanding during the six months ended 30 June 2017 with key management personnel, and no individually assessed impairment allowance has been made on balances with key management personnel at the period end.

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Related Parties Transactions (Continued)

(b) *Transactions between Head Office and other branches*

During the six months ended 30 June 2017, the Branch entered into transactions with related parties in the normal course of its banking business. The transactions were priced at the relevant market rates at the time of each transaction.

- (i) The amounts due from and due to Head Office and other branches in the balance sheet comprise the following items:

	<i>As at</i> <i>30 June 2017</i> MOP'000
Cash and balances with Head Office and other branches	8,695,240
Accrued interest and other assets	<u>77,283</u>
	<u>8,772,523</u>
Deposits and balances from Head Office and other branches	(2,619,745)
Reserve fund	(9,950)
Other liabilities	<u>(38,279)</u>
	<u>(2,667,974)</u>

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Related Parties Transactions (Continued)

(b) *Transactions with Head Office and other branches (continued)*

- (ii) The transactions with Head Office and other branches during the six months ended 30 June 2017 are set out below:

*For the six
months ended
30 June 2017
MOP'000*

Interest income	82,992
Interest expense	<u>(28,468)</u>
	<u>54,524</u>

- (iii) In the ordinary course of business where Head Office and other branches provided security and guarantees against specific credit exposures and commitments undertaken by the Branch is as follows:

*As at
30 June 2017
MOP'000*

Security and guarantees provided against outstanding balances of:

Loans and other advances and trade bills	<u>9,215,179</u>
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Security provided in the form of:

Guarantees	<u>9,212,598</u>
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China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Credit Risk Management (Continued)

(i) *Geographical analysis of loans and commitment, debt investments and derivatives*

Loans and other advances, trade bills and commitments, debt investments (including AMCM Monetary Bills) and derivatives equal to 10% of total credit exposure or above and by geographical areas.

<i>Region</i>	<i>As at 30 June 2017</i>		
	<i>Loans and commitment MOP'000</i>	<i>Debt investments MOP'000</i>	<i>Derivatives MOP'000</i>
Macau SAR			
in which:			
- banks	-	1,251,414	-
- governments	-	-	-
- public sector entities	-	-	-
- others	10,926,680	-	-
	<u>10,926,680</u>	<u>1,251,414</u>	<u>-</u>
Hong Kong SAR			
in which:			
- banks	-	-	8,991
- governments	-	-	-
- public sector entities	-	-	-
- others	6,531,270	139,373	12,784
	<u>6,531,270</u>	<u>139,373</u>	<u>21,775</u>
The People's Republic of China			
in which:			
- banks	-	-	444
- governments	-	-	-
- public sector entities	-	-	-
- others	5,315,631	153,257	-
	<u>5,315,631</u>	<u>153,257</u>	<u>444</u>

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Credit Risk Management (Continued)

(i) *Geographical analysis of loans and commitment, debt investments and derivatives (continued)*

<i>Region</i>	<i>As at 30 June 2017</i>		
	<i>Loans and commitment MOP'000</i>	<i>Debt investments MOP'000</i>	<i>Derivatives MOP'000</i>
British Virgin Islands			
in which:			
- banks	-	-	-
- governments	-	-	-
- public sector entities	-	-	-
- others	2,132,628	-	-
	<u>2,132,628</u>	<u>-</u>	<u>-</u>
Others			
in which:			
- banks	-	-	62,626
- governments	-	-	-
- public sector entities	-	-	-
- others	615,399	878,507	-
	<u>615,399</u>	<u>878,507</u>	<u>62,626</u>
Total	<u>23,388,980</u>	<u>2,422,551</u>	<u>84,845</u>

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Credit Risk Management (Continued)

(ii) *Geographical analysis of loans and advances*

Distribution of loans and advances to customers equals to 10% of total loans or above and by geographical areas.

<i>Region</i>	<i>As at 30 June 2017</i>		
	<i>Gross loans and advances</i> MOP'000	<i>Past due loans and advances</i> MOP'000	<i>Specific provision</i> MOP'000
Macau SAR	2,451,648	2,180	2,180
Hong Kong SAR	6,531,270	160,798	-
The People's Republic of China	5,315,631	-	-
British Virgin Islands	2,132,628	48,624	19,450
Total	16,431,177	211,602	21,630

(iii) *Industry distribution on loans and advances*

	<i>As at 30 June 2017</i>		
	<i>Gross loans and advances</i> MOP'000	<i>Past due loans and advances</i> MOP'000	<i>Specific provision</i> MOP'000
Manufacturing	1,031,557	48,624	19,450
Construction and public works	331,875	-	-
Trade (wholesale and retail)	4,084,726	-	-
Individuals for house purchases	686,954	-	-
Individuals for other purposes	1,584,833	2,180	2,180
Others	9,326,631	160,798	-
	17,046,576	211,602	21,630

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Credit Risk Management (Continued)

(iv) *Remaining maturity analysis on assets and liabilities*

As at 30 June 2017

	<i>Maturity date of financial instruments</i>						<i>Total MOP'000</i>
	<i>On Demand MOP'000</i>	<i>Up to 1 month MOP'000</i>	<i>1 to 3 months MOP'000</i>	<i>3 to 12 months MOP'000</i>	<i>1 to 3 years MOP'000</i>	<i>More than 3 years MOP'000</i>	<i>Undated or overdue MOP'000</i>
Financial Assets							
Cash and balances with banks	1,102,927	1,224,013	130,653	-	-	-	2,457,593
Available-for-sale investments	-	-	-	183,661	105,294	113,937	-
Held-to-maturity investments	1,199,914	-	-	196,097	128,752	494,895	-
Loans and advances to customers less impairment allowances	275,836	243,657	2,903,347	5,614,862	3,459,100	1,955,813	182,621
Trade bills less impairment allowances	-	1,189,770	1,180,628	11,961	-	-	-
Cash and balances with Head Office and other branches	19,741	756,197	1,688,379	6,230,923	-	-	-
	2,598,418	3,413,637	5,903,007	12,237,504	3,693,146	2,564,645	182,621
							30,592,978

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Credit Risk Management (Continued)

(iv) *Remaining maturity analysis on assets and liabilities (continued)*

As at 30 June 2017 (continued)

	<i>Maturity date of financial instruments</i>						<i>Total MOP'000</i>
	<i>On Demand MOP'000</i>	<i>Up to 1 month MOP'000</i>	<i>1 to 3 months MOP'000</i>	<i>3 to 12 months MOP'000</i>	<i>1 to 3 years MOP'000</i>	<i>More than 3 years MOP'000</i>	
Financial Liabilities							
Deposits and balances from banks and financial institutions	1,186	241,197	2,090,374	5,828,927	-	-	8,161,684
Deposits from non-bank customers	3,053,534	4,420,472	5,512,911	5,982,280	162,733	31,282	19,163,212
Deposits from public sector entities	583	-	-	-	-	-	583
Deposits from Head Office and other branches	50,676	803,990	961,089	803,990	-	-	2,619,745
	<u>3,105,979</u>	<u>5,465,659</u>	<u>8,564,374</u>	<u>12,615,197</u>	<u>162,733</u>	<u>31,282</u>	<u>29,945,224</u>

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Credit Risk Management (Continued)

(iv) *Remaining maturity analysis on assets and liabilities (continued)*

In accordance with the guidelines of AMCM with respect to the classification of loan portfolio, non-performing accounts shall be classified, by taking into account the period after the respective maturity, in the following manner:

- (a) Group I – up to 3 months;
- (b) Group II – over 3 months and less than or equal to 12 months;
- (c) Group III – over 12 months and less than or equal to 18 months;
- (d) Group IV – over 18 months

A minimum specific provision shall be set up for all non-performing accounts, based on their respective balances net of the realisable value of any existing and duly formalised tangible collateral in the following manner:

<i>Group</i>	<i>Accumulated provision</i>
II	40%
III	80%
IV	100%

In addition, relevant loans and advances are classified as non-performing when there is evidence indicating that they cannot be fully recovered and specific provisions will be made accordingly.

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Credit Risk Management (Continued)

(v) *Overdue loans and advances to customers*

	As at 30 June 2017	
	MOP'000	% of total loans and advances to customers
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
- Up to 3 months	160,798	1.10%
- Over 3 months and less than or equal to 12 months	48,624	0.33%
- Over 12 months and less than or equal to 18 months	-	-
- Over 18 months	2,180	0.01%
	<u>211,602</u>	<u>1.44%</u>
Current market value of collateral held against the covered portion of overdue loans and advances to customers	<u>-</u>	
Specific provision made on overdue loans and advances to customers	<u>21,630</u>	

(vi) *Overdue other assets*

At 30 June 2017, there were no overdue other assets.

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Foreign Exchange Risk Management

The Branch's foreign currency positions arise from foreign exchange dealing, commercial banking operations and structure foreign currency exposures. All foreign currency positions are managed by the Treasury department within limits approved by the Head Office.

The Branch effectively controls and manages foreign currency exposures to avoid the negative effects of currency fluctuations.

Analysis for the net long/(short) position of currencies are as follows:

	<i>As at</i>
	<i>30 June 2017</i>
	MOP'000
MOP	(726,990)
USD	2,144,032
HKD	(1,305,998)
RMB	(120,763)
Others	(444)
	<u>(10,163)</u>

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Foreign Exchange Risk Management (Continued)

Further analysis for the currencies which are over or equal to 10% of total foreign currencies:

	HKD	USD	RMB	EUR
	<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>30 June 2017</i>	<i>30 June 2017</i>	<i>30 June 2017</i>	<i>30 June 2017</i>
	MOP'000	MOP'000	MOP'000	MOP'000
Spot assets	6,435,344	19,319,506	2,932,287	30,255
Spots liabilities	(7,656,465)	(16,885,768)	(3,431,716)	(7,105)
Forward purchases	-	5,145,556	5,514,414	-
Forward sales	(84,877)	(5,435,262)	(5,135,748)	(24,479)
Net (short)/long position	(1,305,998)	2,144,032	(120,763)	(1,329)

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Liquidity risk management

(a) *Average weekly liquidity for the six months ended 30 June 2017*

*For the six
months ended
30 June 2017
MOP'000*

Minimum requirement on cash in hand	168,199
Cash in hand and deposits with AMCM	813,227

The average weekly liquidity is computed as the product of basic liabilities by proportion designated in accordance with AMCM's requirements, as reported in the weekly return to AMCM.

(b) *Average liquidity ratio*

*For the six
months ended
30 June 2017
MOP'000*

1 month current ratio	67.02%
3 months current ratio	51.39%

The liquidity ratio is computed as the simple average of the percentage of specified assets to liabilities in the last week of each calendar month.

China Guangfa Bank Co., Ltd., Macau Branch
 Disclosure of Financial Information
 30 June 2017
 Liquidity risk management (Continued)

(c) *Average solvency assets*

*For the six
 months ended
 30 June 2017
 MOP'000*

Solvency assets	9,210,346
Underlying liabilities	20,714,210
Ratio of solvency assets to underlying liabilities	44.23%

The average ratio of solvency assets to underlying liabilities is computed as the simple average ratio on the last business day of each calendar month, as reported in the monthly return in accordance with AMCM's requirements.

China Guangfa Bank Co., Ltd., Macau Branch
Disclosure of Financial Information
30 June 2017
Other information

(a) *Lease commitments*

At 30 June 2017, the total future minimum lease payments under non-cancellable operating leases are as follows:

	<i>As at</i> <i>30 June 2017</i> MOP'000
Properties	
- Within 1 year	1,007
- After 1 year but within 5 years	2,295
	<hr/> 3,302 <hr/>

The Branch leases a number of properties under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease by renegotiating all terms. Lease payments are usually increased every 3 years to reflect market rentals. None of the leases include contingent rentals.

- (b) The Branch is one of the branches of China Guangfa Bank Co., Ltd., (“CGB”). Therefore it is not required to prepare consolidated financial statements. The details of CGB’s list of shareholders with qualifying holdings, names of members of the boards, consolidated capital adequacy ratio and consolidated assets and liabilities positions are available on the following website <http://www.cgbchina.com.cn/>.