

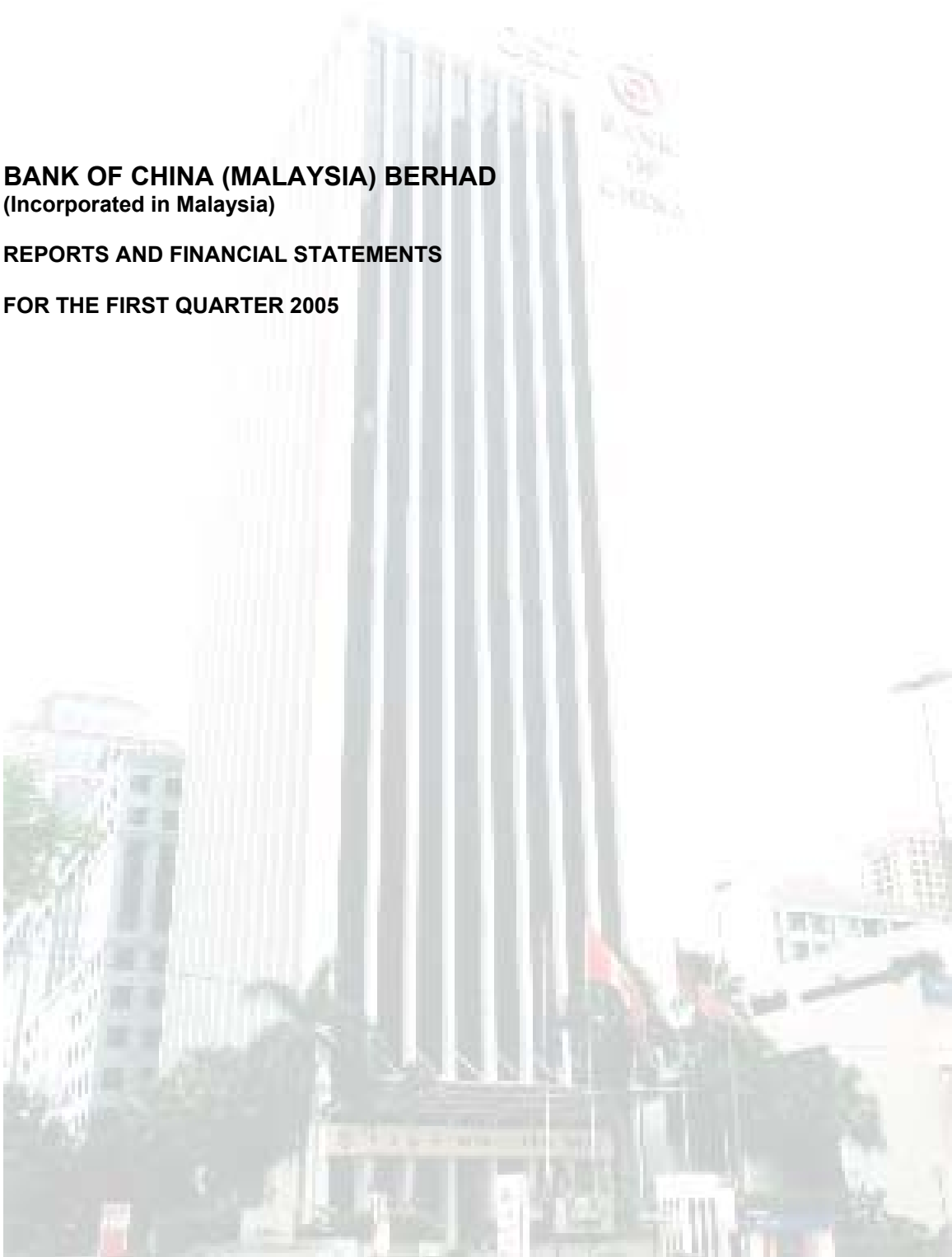
Company No.

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BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FIRST QUARTER 2005



BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 31 MARCH 2005

	Note	31 March 2005 RM'000	31 December 2004 RM'000
Assets			
Cash and short-term funds		1,462	2,597
Deposits and placements with banks and other financial institutions	2	628,602	483,569
Securities portfolio			
Held-to-maturity investments	3	91,884	92,210
Loans, advances and financing	4	307,822	253,444
Other assets	5	8,365	23,820
Statutory deposits with Bank Negara Malaysia		0	0
Investments in subsidiary companies		0	0
Investments in associated companies		0	0
Property, plant and equipment		1,087	1,248
Goodwill/Intangible assets		0	0
		<u>1,039,222</u>	<u>856,888</u>
Liabilities			
Deposits from customers	6	493,586	220,692
Deposits and placements of banks and other financial institutions		207,649	301,770
Bills and acceptances payable		0	420
Other liabilities	7	16,739	14,926
Recourse obligation on loans sold to Cagamas Berhad		0	0
Provision for taxation and zakat		0	0
Deferred taxation		0	0
Bonds and notes		0	0
Subordinated term loans/financing		0	0
		<u>717,974</u>	<u>537,808</u>
Shareholders' Equity			
Share Capital		304,000	304,000
Reserves	8	17,248	15,080
		<u>321,248</u>	<u>319,080</u>
Total liabilities and shareholders' funds		<u>1,039,222</u>	<u>856,888</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2005

	Note	31 March 2005 RM'000	31 March 2004 RM'000
Interest income	9	8,057	7,855
Interest Expense	10	(3,485)	(3,333)
Net interest income		4,572	4,522
Other operating income	11	1,276	1,078
Income from Islamic banking operations		0	0
Other operating expenses	12	(2,530)	(2,897)
Allowance for losses on loans and financing	13	0	0
Provision for commitments and contingencies		0	0
Impairment loss		0	0
Profit before taxation		3,318	2,703
Zakat		0	0
Taxation	14	(1,150)	(1,150)
Net profit		2,168	1,553

BANK OF CHINA (MALAYSIA)
BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2005

Note	Issued and fully paid ordinary shares of RM1 each	Non- distributable		
	Nominal value RM'000	Statutory reserve RM'000	Accumulated profit/(loss) RM'000	Total RM'000
At 1 January 2005	304,000	14,769	311	319,080
Net profit for the financial year	0	0	2168	2,168
Transfer to statutory reserve	0	0	0	0
At 31 March 2005	<u>304,000</u>	<u>14,769</u>	<u>2,479</u>	<u>321,248</u>
At 1 January 2004	304,000	11,584	(2,874)	312,710
Net profit for the financial year	0	0	6,370	6,370
Transfer to statutory reserve	0	3,185	(3,185)	0
At 31 December 2004	<u>304,000</u>	<u>14,769</u>	<u>311</u>	<u>319,080</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2005

Note	31 March 2005 RM'000	31 December 2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from ordinary activities before taxation	3,318	8,273
Adjustment for:		
Depreciation of fixed assets	206	811
Amortisation of premium less accretion of discounts	326	1,296
Gains from sale of investment securities	0	(59)
Loan loss provision	0	2,167
Provision for interest in suspense	0	12
Interest income from investment securities	(1,103)	(4,463)
Unrealised foreign exchange gain	0	(3)
	<hr/>	<hr/>
Cash flow from operation profit before changes in operating assets and liabilities	2,747	8,034
(Increase)/Decrease in operating assets:		
Loans and advances	(54,378)	1,474
Other assets	15,205	(15,018)
(Increase)/Decrease in operating liabilities:		
Deposits from customers	272,894	70,549
Deposits and placements of banks and other financial institutions	(94,121)	(61,106)
Bills and acceptances payables	(420)	(11,702)
Other liabilities	1,813	(57)
	<hr/>	<hr/>
Cash generated from operating activities	143,740	(7,826)
Taxation paid	(1,150)	(4,896)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	142,590	(12,722)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(45)	(161)
Net purchase of investment securities	0	0
Interest received on investment securities	1,353	4,522
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	1,308	4,361
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	0	0
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	143,898	(8,361)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	486,166	494,527
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CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	630,064	486,166

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005

(1) Review of performance and commentary of prospects

The bank recorded a higher profit before tax during the 1st quarter of 2005 compared with the corresponding period in 2004 while maintaining its good assets quality. In year 2005, the bank continue to focus on building its core customer base by offering conventional commercial banking, trade financing and retail banking products.

The bank will continue to focus its activities towards expanding its trade finance business and fee based income, enhancing its competitive edge in market place while maintaining its superior asset quality.

(2) Deposit and placements of banks and other financial institutions

	31 March 2005 RM'000	31 December 2004 RM'000
Licensed banks	6	2,003
Licensed finance companies	0	0
Licensed merchant banks	0	0
Bank Negara Malaysia	599,169	446,614
Other financial institutions	29,427	34,952
	<u>628,602</u>	<u>483,569</u>

(3) Securities portfolio

(i) Held-to-maturity investments

	31 March 2005 RM'000	31 December 2004 RM'000
Malaysian Government Securities	94,460	94,460
Amortisation of premium less accretion of discounts	(2,576)	(2,250)
	<u>91,884</u>	<u>92,210</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005**

(4) Loans, advances and financing

(i) By type

	31 March 2005 RM'000	31 December 2004 RM'000
Overdrafts	39,362	43,976
Terms loans/financing		
Housing loans/financing	2,938	2,302
Syndicated term loan/financing	166,714	118,167
Hire purchase receivables	0	0
Lease receivables	0	0
Other term loans/financing	59,806	60,544
Bills receivable	149	175
Trust receipts	12,464	16,312
Claims on customers under acceptance credits	34,898	20,479
Staff loans/financing	1,334	1,332
Of which: RM 0 are to Directors		
Loans/financing to banks and other financial institutions	0	0
Credit/charge cards	0	0
Revolving credit	0	0
Other loans/financing	0	0
Less: Unearned interest and income	0	0
	<u>317,665</u>	<u>263,287</u>
Less: Allowance for bad and doubtful debts and financing:		
- General	(9,810)	(9,810)
- Specific	(33)	(33)
Total net loans, advances and financing	<u>307,822</u>	<u>253,444</u>

(ii) By type of customer

	31 March 2005 RM'000	31 December 2004 RM'000
Domestic banking institutions	0	19,138
Domestic non-bank financial institutions		
- Stockbroking companies	0	0
- Others	7,806	7,838
Domestic business enterprises		
- Small medium enterprises	120,712	108,728
- Others	13,940	20,162
Government and statutory bodies	127,014	59,490
Individuals	8,493	8,392
Other domestic entities	0	0
Foreign entities	39,700	39,539
	<u>317,665</u>	<u>263,287</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005**

(iii) By interest/profit rate sensitivity

	31 March 2005 RM'000	31 December 2004 RM'000
Fixed rate		
housing loans/financing	1,931	1,032
Hire purchase receivables	0	0
Other fixed rate loan/financing	1,334	1,331
Variable rate		
BLR plus	126,104	122,103
Cost-plus	21,582	20,654
Other variable rates	166,714	118,167
	<u>317,665</u>	<u>263,287</u>

(iv) By sector

	31 March 2005 RM'000	31 December 2004 RM'000
Agriculture, hunting, forestry & fishing	0	0
Mining and quarrying	54,646	44,247
Manufacturing	46,540	29,041
Electricity, gas and water	35,897	35,776
Construction	1,211	1,621
Real estate	47,052	54,652
Purchase of landed property:		
- Residential	4,057	3,362
- Non-residential	2,489	2,912
Wholesale & retail trade and restaurants & hotels	54,772	58,441
Transport, storage and communication	57,006	0
Finance, insurance and business services	11,278	30,190
Purchase of securities	0	0
Purchase of transport vehicles	219	277
Consumption credit	2,498	2,768
Others	0	0
	<u>317,665</u>	<u>263,287</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005

(v) **Non-performing Loans/Financing (NPL/NPF)**

(i) **Movement in non-performing loans, advances and financing**

	31 March 2005 RM'000	31 December 2004 RM'000
At beginning of year	392	0
Classified as non-performing during the year	0	392
Reclassified as performing during the year	0	0
Loans/financing converted to securities	0	0
Amount recovered	0	0
Amount written off	0	0
Other adjustments	0	0
At end of year	392	392
Specific allowance	(33)	(33)
Net non-performing loans, advances and financing	359	359
Ratio of net non-performing loans and financing to net loans and financing	0.12%	0.14%

(ii) **Movements in allowance for bad and doubtful debts**

	31 March 2005 RM'000	31 December 2004 RM'000
General allowance		
At beginning of year	9,810	7,676
Allowance made/(written back) during the year	0	2,134
Amount transferred to specific allowance	0	0
At end of year	9,810	9,810
As % of gross loans, advances and financing less specific allowance	3.1%	3.7%

Specific allowance

At beginning of year	33	0
Allowance made during the year	0	33
Transferred from general allowance	0	0
Transferred from provision for commitments and contingencies	0	0
Transferred to accumulated impairment loss in value of securities	0	0
Amount recovered	0	0
Amount written off	0	0
At end of year	33	33

BANK OF CHINA (MALAYSIA) BERHAD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005**

(iii) NPL/NPF by sector

	31 March 2005 RM'000	31 December 2004 RM'000
Agriculture, hunting, forestry & fishing	0	0
Mining and quarrying	0	0
Manufacturing	392	392
Electricity, gas and water	0	0
Construction	0	0
Real estate	0	0
Purchase of landed property:		
- Residential	0	0
- Non-residential	0	0
Wholesale & retail trade and restaurants & hotels	0	0
Transport, storage and communication	0	0
Finance, insurance and business services	0	0
Purchase of securities	0	0
Purchase of transport vehicles	0	0
Consumption credit	0	0
Others	0	0
	<u>392</u>	<u>392</u>

(5) Other Assets

Interest receivable	1,460	1,826
Other debtors, deposits and prepayments	1,583	16,672
Tax recoverable	545	545
Deferred tax assets	4,777	4,777
	<u>8,365</u>	<u>23,820</u>

(6) Deposits from Customers

(i) By type of deposit

	31 March 2005 RM'000	31 December 2004 RM'000
Demand deposits	94,364	116,580
Savings deposits	20,705	57,391
Fixed/Investment deposits	98,515	46,718
Negotiable instruments of deposit	280,000	0
Others	2	3
	<u>493,586</u>	<u>220,692</u>

(ii) By type of customer

	31 March 2005 RM'000	31 December 2004 RM'000
Government and statutory bodies	5,604	1,596
Business enterprises	410,035	153,177
Individuals	77,852	65,827
Others	95	92
	<u>493,586</u>	<u>220,692</u>

BANK OF CHINA (MALAYSIA) BERHAD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005**

(7) Other Liabilities

	31 March 2005 RM'000	31 December 2004 RM'000
Interest payable	1,287	923
Other liabilities	15,452	14,003
	<u>16,739</u>	<u>14,926</u>

(8) Reserves

	31 March 2005 RM'000	31 December 2004 RM'000
Current year unaudited profit/(loss)	2,168	0
Accumulated profit/(loss) b/d	311	311
Non-distributable:		
Statutory reserve	14,769	14,769
	<u>17,248</u>	<u>15,080</u>

BANK OF CHINA (MALAYSIA) BERHAD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005**

(9) Interest income

	31 March 2005 RM'000	31 March 2004 RM'000
Loans and advances		
- Interest income other than recoveries from NPL	3,159	2,785
- Recoveries from NPLs	0	0
Money at call and deposit placement with financial institutions	4,121	4,283
Securities		
- Held-to-maturity investment	1,103	1,105
Others	0	0
	<u>8,383</u>	<u>8,173</u>
Amortisation of premium less accretion of discount	(326)	(318)
Interest suspended	0	0
Total interest income	<u>8,057</u>	<u>7,855</u>

(10) Interest Expense

	31 March 2005 RM'000	31 March 2004 RM'000
Deposits and placements of banks and other financial institutions	1,588	609
Deposits from customers	1,897	2,724
Loans sold to Cagamas	0	0
Others	0	0
	<u>3,485</u>	<u>3,333</u>

(11) Other operating income

	31 March 2005 RM'000	31 March 2004 RM'000
Fees income:		
Commission		
- Processing fees	1	0
- Syndication fees	26	17
- Commitment fees	62	62
- Other fees relating to loan & finance	64	66
- Guarantee fees	262	226
- Acceptance Commission	110	64
Service charges and fees	<u>325</u>	<u>224</u>
	850	659
Investment income:		
Gains from sale of investment securities	0	18
Dividend income	0	0
Unrealised gain/losses:		
Revaluation of trading securities	0	0
Foreign exchange transaction	426	401
	<u>1,276</u>	<u>1,078</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005**

(12) Other operating expenses

	31 March 2005 RM'000	31 March 2004 RM'000
Personnel costs	1,045	1,065
Of which: Salaries & wages (includes CEO / Eds)	821	655
Staff training expenses	13	40
Staff welfare expenses	115	82
Marketing expenses	93	130
Of which: Entertainment expenses	70	85
Establishment costs	870	799
Of which: Rental of premises	301	283
Depreciation	206	203
Administration and general expenses	522	903
	<u>2,530</u>	<u>2,897</u>

(13) Allowance for losses on loans and financing

	31 March 2005 RM'000	31 March 2004 RM'000
Allowance for bad and doubtful debts on loans and financing		
(a) Specific allowance		
- Made in the financial year	0	0
- Written back	0	0
(b) General allowance		
- Made/(Written back) in the financial year	0	0
Bad debts on loans and financing		
- Recovered	0	0
- Written off	0	0
	<u>0</u>	<u>0</u>

(14) Taxation

	31 March 2005 RM'000	31 March 2004 RM'000
Current tax - Malaysian income tax	1,150	1,150
Deferred tax	0	0
Overprovision of prior year taxation	0	0
	<u>1,150</u>	<u>1,150</u>

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005

(15) Capital adequacy

	31 March 2005 RM'000	31 December 2004 RM'000
Tier I capital		
Paid-up share capital	304,000	304,000
Paid-up non-cumulative perpetual preference shares	0	0
Share premium	0	0
Retained profit/loss	311	311
Other reserves	14,769	14,769
Tier-1 minority interests	0	
	<u>319,080</u>	<u>319,080</u>
Less: Goodwill	0	0
Deferred tax assets/(liabilities)	<u>(4,777)</u>	<u>(4,777)</u>
Total Tier I capital	<u>314,303</u>	<u>314,303</u>
Tier II capital		
Hybrid capital instruments	0	0
Subordinated loans/financing	0	0
Revaluation reserves	0	0
General allowance for bad and doubtful debts and financing	9,810	9,810
Total Tier II capital	<u>9,810</u>	<u>9,810</u>
Less: Investment in subsidiaries	0	0
Holdings of other banking institutions' capital instruments	0	0
Capital base	<u>324,113</u>	<u>324,113</u>
Core capital ratio	94.43%	106.04%
Risk-weighted capital ratio	91.57%	102.83%
Core capital ratio (net of proposed dividends)	94.43%	106.04%
Risk-weighted capital ratio (net of proposed dividends)	91.57%	102.83%

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005

(16) Commitments and contingencies

	31 March 2005			31 December 2004		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	1,026	1,026	331	1,026	1026	331
Transaction-related contingent items	174,530	87,265	17732	179,897	89,949	18,257
Short-term self-liquidation trade related contingencies	12,000	2,400	1750	26,035	5,207	2,279
Other assets sold with recourse and commitment with certain drawdown	0	0	0	0	0	0
Obligations under underwriting agreement	0	0	0	0	0	0
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	64,850	0	0	68,833	0	0
- Maturity exceeding one year	51,692	25,846	25299	54,783	27,391	26,787
Foreign exchange related contracts:						
- Less than one year	5,901	0	0	5,700	0	0
- One year to less than 5 years	0	0	0	0	0	0
- 5 years and above	0	0	0	0	0	0
Equity and commodity related contracts	0	0	0	0	0	0
Others	86,067	0	0	36,000	0	0
Total	396,066	116,537	45,112	372,274	123,573	47,654

BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005

(17) Interest/profit rate risk

31 March 2005	Up to 1 month	> 1-3 month	> 3-12 month	1-5 years	Over 5 years	Non-interest sensitive	Trading book	Total	Effective interest rate %
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short term funds	0	0	0	0	0	1,462	0	1,462	
Deposits & placement with banks & other financial institutions	294,327	334,200	0	0	0	75	0	628,602	2.77%
Securities	35,030	0	0	56,854	0	0	0	91,884	
Loans, advance & financing									4.83%
- performing	107,437	52,236	93,945	0	63,655	(9,810)	0	307,463	
- non-performing	404	0	0	0	0	(45)	0	359	
Other assets	0	0	0	0	0	9,452	0	9,452	
Total assets	437,198	386,436	93,945	56,854	63,655	1,134	0	1,039,222	
Liabilities									
Deposits from customers	186,040	198,073	15,109	0	94,364	0	0	493,586	1.36%
Deposits & placement of banks & other financial institutions	62,120	51,745	93,784	0	0	0	0	207,649	2.62%
Bills and acceptance payable	0	0	0	0	0	0	0	0	
Recourse obligation on loans sold to Cagamas	0	0	0	0	0	0	0	0	
Bonds and notes	0	0	0	0	0	0	0	0	
Subordinated term loans/financing	0	0	0	0	0	0	0	0	
Other liabilities	0	0	0	0	0	16,739	0	16,739	
Total liabilities	248,160	249,818	108,893	0	94,364	16,739	0	717,974	
Shareholders' funds	0	0	0	0	0	321,248	0	321,248	
Total liabilities and Shareholders' funds	248,160	249,818	108,893	0	94,364	337,987	0	1,039,222	
On-balance sheet interest sensitivity gap	189,038	136,618	(14,948)	56,854	(30,709)	(336,853)	0	0	
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0	
Total interest sensitivity gap	189,038	136,618	(14,948)	56,854	(30,709)	(336,853)	0	0	

BANK OF CHINA (MALAYSIA) BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2005

31 December 2004

	Up to 1 month	> 1-3 month	> 3-12 month	1-5 years	Over 5 years	Non-interest sensitive	Trading book	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	0	0	0	0	0	2,597	0	2,597	
Deposits & placement with banks & other financial institutions	483,052	0	0	0	0	517	0	483,569	2.76%
Securities	0	0	35207	57,003	0	0	0	92,210	
Loans, advance & financing									4.89%
- performing	125,627	27,919	107864	318	1167	(9,810)	0	253,085	
- non-performing	404	0	0	0	0	(45)	0	359	
Other assets	0	0	0	0	0	25,068	0	25,068	
Total assets	609,083	27,919	143,071	57,321	1,167	18,327	0	856,888	
Liabilities									
Deposits from customers	81,791	8,444	13558	316	0	116,583	0	220,692	2.03%
Deposits & placement of banks & other financial institutions	204,520	45,505	51745	0	0	0	0	301,770	2.60%
Bills and acceptance payable	420	0	0	0	0	0	0	420	
Recourse obligation on loans sold to Cagamas	0	0	0	0	0	0	0	0	
Bonds and notes	0	0	0	0	0	0	0	0	
Subordinated term loans/financing	0	0	0	0	0	0	0	0	
Other liabilities	0	0	0	0	0	14,926	0	14,926	
Total liabilities	286,731	53,949	65,303	316	0	131,509	0	537,808	
Shareholders' funds	0	0	0	0	0	319,080	0	319,080	
Total liabilities and Shareholders' funds	286,731	53,949	65,303	316	0	450,589	0	856,888	
On-balance sheet interest sensitivity gap	322,352	(26,030)	77,768	57,005	1,167	(432,262)	0	0	
Off-balance sheet interest sensitivity gap	0	0	0	0	0	0	0	0	
Total interest sensitivity gap	322,352	(26,030)	77,768	57,005	1,167	(432,262)	0	0	

(18) Operations of Islamic Banking

No Islamic banking activities was involved during the quarter.