

FOR IMMEDIATE RELEASE



## China Construction Bank (Asia) Announces Net Profit after Tax of HKD327.2 Million for the First Half of 2007

**HONG KONG – September 28, 2007** – China Construction Bank (Asia) Corporation Limited (“CCB (Asia)”) today reported net profit after tax of HKD327.2 million for the first half of 2007, compared with HKD371.8 million for the corresponding period in 2006.

During the first half of 2007, the bank’s business performance was very satisfactory. Total loans and customer deposits grew by 8.6% and 10% respectively from 2006 year-end, and non-interest income recorded a remarkable year-on-year growth of 44%. In addition to the launch of value-adding investment products and services for customers, the buoyant investment sentiment worldwide and the equity market boom brought about significant revenue increases in investment and securities brokerage services. The bank’s investment in short-term and high quality securities papers issued by financial institutions to enhance yields on surplus funds also contributed to the favorable income increase.

Despite the steady loan and deposit growth, net interest income of HKD419 million for the first half of 2007 decreased by 16.9% as compared to the same period of 2006. Overall loan spreads contracted 27 basis points year-on-year, largely reflecting the intense market competition in pricing and higher cost of funds in relation to the Hong Kong inter-bank market movements. Total expenses of HKD270 million for the first half of 2007 increased by 24.1% which was mainly a result of the integration-related expenses in conjunction with the ownership change. On a normalized basis, the increase would have been 9.3% mainly due to the premises and staff costs.

To enhance and consolidate its business operations in Hong Kong, the bank’s shareholder, China Construction Bank Corporation (“CCB Corporation”) initiated a strategic move to integrate the retail banking operation including four retail branches formerly run by CCB Corporation Hong Kong Branch into CCB (Asia) on June 23, 2007 and all CCB Corporation’s retail banking business in Hong Kong is now operating under the brand and management of CCB (Asia).

The return on assets for the first half of 2007 was 1.68%, improved from 1.51% over the comparable period of 2006. Asset quality continued to maintain at a very satisfactory level throughout the period. The ratio of loans overdue for more than three months to outstanding loans was 0.1% only at the end of June 2007. As a result of further improvement in loan asset quality, an impairment loss allowance write-back of HKD30 million was taken during the period.

CCB (Asia) President and Chief Executive Officer Charles Ma said, “During the first half of 2007, the bank has invested significantly for the business consolidation, resulting in a higher expenditure level. We’re confident that we’ll soon realize return on the investment and continue our strong performance along with our business expansion in the years ahead.

“Leveraging the solid foundation and financial strengths of our parent company, CCB Corporation, the bank will continue to ride on its well established platform and proven business model to embark upon a series of business expansions in Hong Kong and Macau.”

The bank’s interim financial disclosure statements of 2007 is available for collection at the bank’s branches or can be viewed through the bank’s Web site at [www.asia.ccb.com](http://www.asia.ccb.com).

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### **About China Construction Bank (Asia) Corporation Limited**

Became a wholly-owned subsidiary of China Construction Bank Corporation (“CCB Corporation”) on December 29, 2006, the bank, formerly known as Bank of America (Asia), was renamed to China Construction Bank (Asia) Corporation Limited (“CCB (Asia)”) on December 30, 2006.

CCB (Asia) has 21 branches in Hong Kong and Macau after the completion of the transfer of CCB Corporation Hong Kong Branch’s retail banking business to the bank. A wide array of consumer, retail and commercial banking products and services are offered to customers through these branches.

For Consumer Banking, CCB (Asia) offers conventional transactional, foreign exchange and cash services, as well as deposits, loans, investments, consolidated banking, insurance and electronic banking services. For Retail and Commercial Banking, the bank offers a variety of trade financing, factoring, foreign exchange, leasing, insurance, investment and electronic banking services. For more information, please visit [www.asia.ccb.com](http://www.asia.ccb.com).

### **About China Construction Bank Corporation**

CCB Corporation, the parent company, is today one of the four largest commercial banks in China. Its history dates back to 1954 when the People’s Construction Bank of China was founded. This entity was renamed China Construction Bank in 1996. CCB Corporation was formed in September 2004 when it separated from its predecessor, China Construction Bank, and assumed its commercial banking business and related assets and liabilities. Headquartered in Beijing, CCB Corporation had a network of over 13,000 branches and sub-branches in Mainland China as of the first half of 2007, and maintained overseas branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo and Seoul, and representative offices in London and New York. CCB Corporation holds 100% interest of China Construction Bank (Asia) Corporation Limited, 75.1% interest of Sino-German Bausparkasse, and 65% interest in CCB Principal Asset Management Co. Ltd. It has a total of about 300,000 staff. Shares of CCB Corporation began trading on the Stock Exchange of Hong Kong Limited on October 27, 2005 with Stock Code 0939.

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CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
 UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTHS ENDED 30 JUNE 2007

A. CONSOLIDATED INCOME STATEMENT

	Note	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
Interest income		946,002	1,283,535
Interest expense		<u>(527,335)</u>	<u>-(779,509)</u>
Net interest income	4	418,667	504,026
Net fee and commission income	5	111,738	102,771
Net gain from financial instruments measured at fair value through profit or loss	6	89,297	36,239
Other operating income	7	<u>2,148</u>	<u>2,097</u>
<b>TOTAL OPERATING INCOME</b>		621,850	645,133
<b>TOTAL OPERATING EXPENSES</b>	8	<u>(270,019)</u>	<u>-(217,619)</u>
<b>OPERATING PROFIT BEFORE IMPAIRMENT LOSSES</b>		351,831	427,514
Loan impairment releases and other credit risk provisions	9	<u>30,031</u>	<u>12,218</u>
<b>OPERATING PROFIT</b>		381,862	439,732
Share of profit of an associate		<u>12,420</u>	<u>6,795</u>
<b>PROFIT BEFORE TAXATION</b>		394,282	446,527
Taxation	10	<u>-(67,062)</u>	<u>-(74,689)</u>
<b>NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>		<u>327,220</u> =====	<u>371,838</u> =====

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
 UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTHS ENDED 30 JUNE 2007

B. CONSOLIDATED BALANCE SHEET

	Note	30 Jun 2007	31 Dec 2006 (restated)
		HK\$'000	HK\$'000
<b>ASSETS</b>			
Cash and balances with banks	11	5,388,067	5,462,170
Placements with banks maturing between one and twelve months		1,508,060	544,320
Advances to banks		-	100,000
Advances to customers	12	28,696,136	26,430,131
Financial instruments designated at fair value through profit or loss	13	2,018,654	1,760,554
Available-for-sale securities	14	2,338,617	1,701,736
Derivative financial instruments	15	275,930	218,488
Investment in an associate		114,771	102,351
Deferred tax assets		14,218	18,916
Property, plant and equipment	16	82,796	64,287
Leasehold land		44,900	45,290
Other assets		<u>451,233</u>	<u>446,642</u>
TOTAL ASSETS		40,933,382	36,894,885
		=====	=====
<b>LIABILITIES</b>			
Deposits and balances of banks		1,256,640	158,318
Deposits from customers	17	28,751,909	26,131,999
Certificates of deposit issued	18	1,492,557	996,121
Derivative financial instruments	15	267,635	188,122
Other liabilities		<u>822,596</u>	<u>1,396,766</u>
TOTAL LIABILITIES		<u>32,591,337</u>	<u>28,871,326</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		310,131	310,131
Reserves	19	<u>8,031,914</u>	<u>7,713,428</u>
TOTAL SHAREHOLDERS' EQUITY		<u>8,342,045</u>	<u>8,023,559</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		40,933,382	36,894,885
		=====	=====

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
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C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
As at 1 January 2007	310,131	949,451	6,763,977	8,023,559
Net profit for the six months	-	-	327,220	327,220
Net change in fair value of available-for-sale securities	-	(432)	-	(432)
Net gain realised on disposal of available-for-sale investments	-	(3)	-	(3)
Appropriations to regulatory reserve and general reserve	-	77,377	(77,377)	-
Others	-	(8,299)	-	(8,299)
As at 30 June 2007	310,131	1,018,094	7,013,820	8,342,045

	Share Capital HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
As at 1 January 2006	300,000	935,983	6,145,889	7,381,872
Preference shares converted to ordinary shares	10,131	-	-	10,131
Net change in fair value of available-for-sale securities	-	488	-	488
Net profit for the year	-	-	615,971	615,971
Appropriations to general reserve	-	3,883	(3,883)	-
Share-based payment	-	6,799	-	6,799
Rewarding success plan reserve	-	8,298	-	8,298
Appropriations to regulatory reserve	-	(6,000)	6,000	-
As at 31 December 2006	310,131	949,451	6,763,977	8,023,559

D. NOTES TO FINANCIAL STATEMENTS

(1) BASIS OF PREPARATION

The interim financial information disclosure statements have been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

(2) BASIS OF CONSOLIDATION

The interim financial information disclosure statements cover the consolidated positions of China Construction Bank (Asia) Corporation Limited ("the Bank"), all its subsidiaries (China Construction Bank (Macau) Corporation Limited ("CCBMCL"), CCB Securities Limited and CCB Nominees Limited) and an associate (QBE Hongkong & Shanghai Insurance Company, Limited) made up to 30 June 2007.

Unless otherwise stated, all financial information contained in such financial accounts are prepared according to the consolidation basis for accounting purposes. In preparing the capital adequacy ratio of the Group, they are prepared according to the basis of consolidation for regulatory purposes. The main difference between the consolidation basis for accounting and regulatory purposes is that the former includes the Bank and all its subsidiaries and an associate whereas the latter includes the Bank and a subsidiary (CCBMCL) which conduct banking business.

(3) STATEMENT OF COMPLIANCE

In preparing the interim results for the first half of 2007, the Bank has fully complied with the disclosure standards set out in the "Banking (Disclosure) Rules" and "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority ("HKMA").

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
 UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTHS ENDED 30 JUNE 2007

D. NOTES TO FINANCIAL STATEMENTS

(4) NET INTEREST INCOME

	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
<u>Interest income</u>		
Financial instruments that are not measured at fair value through profit or loss		
- Placements with and advances to banks	154,794	385,047
- Advances to customers	763,603	801,891
- Unlisted available-for-sale securities	27,303	96,595
- Others	<u>302</u>	<u>2</u>
	<u>946,002</u>	<u>1,283,535</u>
<u>Interest expense</u>		
Financial instruments that are not measured at fair value through profit or loss		
- Deposits and balances of banks	14,659	248,476
- Deposits from customers	480,368	498,744
- Certificate of deposits	14,713	14,482
- Others	551	993
	<u>510,291</u>	<u>762,695</u>
Financial instruments that are measured at fair value through profit or loss		
- Certificate of deposits	14,678	14,678
- Interest rate swaps	<u>2,366</u>	<u>2,136</u>
	<u>17,044</u>	<u>16,814</u>
	<u>527,335</u>	<u>779,509</u>
Net interest income	418,667 =====	504,026 =====

There were no interest income accrued on impaired financial assets for the 6 months ended 30 June 2007 and 30 June 2006.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
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D. NOTES TO FINANCIAL STATEMENTS

(5) NET FEE AND COMMISSION INCOME	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
Fee and commission income	114,345	105,602
Fee and commission expense	<u>(2,607)</u>	<u>(2,831)</u>
Net fee and commission income	111,738 =====	102,771 =====

For the first half of 2007, the fee and commission income and expense, other than amounts included in determining the effective interest rate arising from financial assets or financial liabilities not at fair value through profit or loss were HK\$21,866,584 (2006: HK\$23,187,584) and HK\$Nil (2006: HK\$Nil) respectively.

There was no income and expense arising from trust and other fiduciary activities which result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans and unlisted companies for the 6 months ended 30 June 2007 and 30 June 2006.

(6) NET GAIN FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
Net gain from financial instruments held for trading		
- Foreign exchange contracts	35,184	36,153
- Interest rates contracts	<u>445</u>	<u>86</u>
	35,629	36,239
Net gain from financial instruments designated at fair value through profit or loss	<u>53,668</u>	<u>-</u>
	89,297 =====	36,239 =====

(7) OTHER OPERATING INCOME	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
Dividend income from unlisted investments	2,003	1,728
Others	<u>145</u>	<u>369</u>
	2,148 =====	2,097 =====

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
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D. NOTES TO FINANCIAL STATEMENTS

(8)	TOTAL OPERATING EXPENSES	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
	Staff costs	145,468	131,501
	Auditors' remuneration	1,059	873
	Premises and equipment expenses excluding depreciation:		
	Rental of premises	51,500	31,517
	Others	19,346	11,513
	Depreciation	9,780	6,373
	Amortization of prepaid operating lease payment	390	390
	Other operating expenses	<u>42,476</u>	<u>35,452</u>
		270,019	217,619
		=====	=====
(9)	LOAN IMPAIRMENT RELEASES AND OTHER CREDIT RISK PROVISIONS	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
	Loan impairment releases/(charges):		
	-individually assessed	1,945	(7,036)
	-collectively assessed	<u>28,399</u>	<u>19,254</u>
		30,344	12,218
	Of which:		
	-new and additional charges	(5,807)	(15,400)
	-releases	32,267	21,134
	-recoveries	<u>3,884</u>	<u>6,484</u>
		30,344	12,218
	Other provisions	<u>(313)</u>	<u>-</u>
	Loan impairment releases and other credit risk provisions	30,031	12,218
		=====	=====



CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
 UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTHS ENDED 30 JUNE 2007

D. NOTES TO FINANCIAL STATEMENTS

(10) TAXATION

The amount of taxation charged to the consolidated income statement represents:

	6 months ended 30 Jun 2007 HK\$'000	6 months ended 30 Jun 2006 HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the period	55,688	68,258
Under provision in respect of prior years	<u>2,912</u>	<u>-</u>
	58,600	68,258
	-----	-----
Current tax - Overseas		
Provision for the period	3,765	3,392
	-----	-----
Deferred tax		
Origination of temporary differences	4,697	3,039
	<u>-----</u>	<u>-----</u>
	67,062	74,689
	=====	=====

The provision of Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the period. Taxation for the wholly-owned subsidiary, China Construction Bank (Macau) Corporation Limited, is at the rates of taxation ruling in the relevant country.

(11) CASH AND BALANCES WITH BANKS

	30 Jun 2007 HK\$'000	31 Dec 2006 (restated) HK\$'000
Cash in hand	96,335	81,175
Balances with banks	397,077	240,163
Money at call and short notice	<u>4,894,655</u>	<u>5,140,832</u>
	5,388,067	5,462,170
	=====	=====

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
 UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTHS ENDED 30 JUNE 2007

D. NOTES TO FINANCIAL STATEMENTS

(12) ADVANCES TO CUSTOMERS

(a) Advances to customers

	30 Jun 2007	31 Dec 2006 (restated)
	HK\$'000	HK\$'000
Gross advances to customers	28,813,552	26,582,723
Less: Impairment allowances		
- collective assessed	(93,019)	(121,418)
- individually assessed	<u>(24,397)</u>	<u>(31,174)</u>
Net advances to customers	28,696,136 =====	26,430,131 =====

(b) Impaired advances and allowances are analysed as follows :

	<u>30 Jun 2007</u>		<u>31 Dec 2006</u>	
	HK\$'000	% of gross advances	HK\$'000	% of gross advances
Gross impaired advances	49,823	0.17	76,716	0.29
Individual impairment allowances	(24,397)	(0.08)	(31,174)	(0.12)
Market value of collateral held against the secured impaired advances	37,216 =====		59,327 =====	
Secured impaired advances	28,577 =====		48,387 =====	
Unsecured impaired advances	21,246 =====		28,329 =====	

Impaired advances represents all loans recognized as classified loans for regulatory reporting purposes.

The above individual impairment allowances were made after taking into account the value of collateral in respect of such advances.

As at 30 June 2007 and as at 31 Dec 2006, there were no impaired advances in respect of advances to banks.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
 UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTHS ENDED 30 JUNE 2007

D. NOTES TO FINANCIAL STATEMENTS

(13) FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 Jun 2007 HK\$'000	31 Dec 2006 HK\$'000
Treasury bills issued by central government	71,328	64,549
Certificates of deposit issued by banks	624,477	1,079,639
Other debt securities issued by banks	<u>1,322,849</u>	<u>616,366</u>
	<u>2,018,654</u>	<u>1,760,554</u>

(14) AVAILABLE-FOR-SALE SECURITIES

All available-for-sale securities are unlisted and analyzed by type of issuer as follows:

	30 Jun 2007 HK\$'000	31 Dec 2006 HK\$'000
Treasury bills issued by central government	149,804	149,919
Certificates of deposit issued by banks	778,796	-
Other debt securities issued by banks	<u>1,398,876</u>	<u>1,548,676</u>
	<u>2,327,476</u>	<u>1,698,595</u>
Equity securities issued by corporate entities	<u>11,141</u>	<u>3,141</u>
	<u>2,338,617</u>	<u>1,701,736</u>

There were no impairment losses for available-for-sale assets.

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D. NOTES TO FINANCIAL STATEMENTS

(15) DERIVATIVE FINANCIAL INSTRUMENTS

(a) The following is a summary of the notional amounts of each significant type of derivative:

	30 Jun 2007			31 Dec 2006		
	Trading HK\$'000	Hedging HK\$'000	Total HK\$'000	Trading HK\$'000	Hedging HK\$'000	Total HK\$'000
Exchange rate contracts						
Forwards	16,762,376	-	16,762,376	12,635,543	-	12,635,543
Options purchased	350,701	-	350,701	246,848	-	246,848
Options written	350,701	-	350,701	246,848	-	246,848
Interest rate contracts						
Swaps	7,816	800,000	807,816	7,776	800,000	807,776
	17,471,594	800,000	18,271,594	13,137,015	800,000	13,937,015
	=====	=====	=====	=====	=====	=====

The above transactions are undertaken by the Group in the foreign exchange and interest rate markets. The notional amounts of these financial instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

(b) Fair values and credit risk weighted amounts of derivatives

	30 Jun 2007			31 Dec 2006		
	Fair value assets HK\$'000	Fair value liabilities HK\$'000	Credit weighted amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000	Credit weighted amount HK\$'000
Currency derivatives	275,930	259,589	37,235	208,543	188,121	102,017
Interest rate derivatives	-	8,046	20	9,945	1	808
	275,930	267,635	37,255	218,488	188,122	102,825
	=====	=====	=====	=====	=====	=====

The credit risk-weighted amount is the amount which has been calculated in accordance with the Banking (Capital) Rules effective on 1 January 2007 on capital adequacy and depends on the status of the counterparty and the maturing characteristics. In the year of 2006, credit risk-weighted amount referred to the amount as computed in accordance with the Third Schedule to the Hong Kong Banking Ordinance. The risk weights used range from 0% to 100% (2006: 0% to 50%) for exchange rate, interest rate and other derivative contracts.

The Group did not enter into any bilateral netting arrangements during the period and accordingly these amounts are shown on gross basis.

(c) Fair value of derivative financial instruments designated as hedging instruments

The following is a summary of the fair values of derivatives held-for-hedging purposes:

	30 Jun 2007		31 Dec 2006	
	Assets HK\$'000	liabilities HK\$'000	Assets HK\$'000	liabilities HK\$'000
Interest rate contracts				
Fair Value hedges	-	8,046	9,945	1

The fair value hedges principally consist of interest rate swaps that are used to hedge changes in the fair value of certain fixed rate liabilities due to movements in market interest rates.

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D. NOTES TO FINANCIAL STATEMENTS

(16) PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
Cost:				
At 1 January 2007	43,656	43,661	130,408	217,725
Additions	147	14,299	13,843	28,289
Disposals	<u>-</u>	<u>-</u>	<u>(3,955)</u>	<u>(3,955)</u>
At 30 June 2007	<u>43,803</u>	<u>57,960</u>	<u>140,296</u>	<u>242,059</u>
Accumulated depreciation:				
At 1 January 2007	20,064	35,742	97,632	153,438
Charge for the six-month period	1,474	1,447	6,859	9,780
Disposals	<u>-</u>	<u>-</u>	<u>(3,955)</u>	<u>(3,955)</u>
At 30 June 2007	<u>21,538</u>	<u>37,189</u>	<u>100,536</u>	<u>159,263</u>
Net book value:				
At 30 June 2007	<u>22,265</u>	<u>20,771</u>	<u>39,760</u>	<u>82,796</u>
	=====	=====	=====	=====

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
Cost:				
At 1 January 2006	44,037	37,929	120,147	202,113
Additions	533	6,103	23,537	30,173
Disposals	<u>(914)</u>	<u>(371)</u>	<u>(13,276)</u>	<u>(14,561)</u>
At 31 December 2006	<u>43,656</u>	<u>43,661</u>	<u>130,408</u>	<u>217,725</u>
Accumulated depreciation:				
At 1 January 2006	17,584	34,037	101,988	153,609
Charge for the year	3,394	2,076	8,594	14,064
Disposals	<u>(914)</u>	<u>(371)</u>	<u>(12,950)</u>	<u>(14,235)</u>
At 31 December 2006	<u>20,064</u>	<u>35,742</u>	<u>97,632</u>	<u>153,438</u>
Net book value:				
At 31 December 2006	<u>23,592</u>	<u>7,919</u>	<u>32,776</u>	<u>64,287</u>
	=====	=====	=====	=====

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED  
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D. NOTES TO FINANCIAL STATEMENTS

(17) DEPOSITS FROM CUSTOMERS

	30 Jun 2007	31 Dec 2006 (restated)
	HK\$'000	HK\$'000
Demand deposits and current accounts	1,776,456	1,949,119
Savings deposits	4,420,980	4,312,243
Time and call deposits	22,527,362	19,840,060
Other deposits	<u>27,111</u>	<u>30,577</u>
	28,751,909	26,131,999
	=====	=====

(18) CERTIFICATES OF DEPOSIT ISSUED

	30 Jun 2007	31 Dec 2006 (restated)
	HK\$'000	HK\$'000
Designated at fair value through profit or loss	792,557	796,121
Measured at amortized cost	<u>700,000</u>	<u>200,000</u>
	1,492,557	996,121
	=====	=====

(19) RESERVES

	30 Jun 2007	31 Dec 2006
	HK\$'000	HK\$'000
General reserve	824,063	813,383
Investment revaluation reserve	(432)	3
Exchange reserve	(146)	(146)
Regulatory reserve	178,697	112,000
Other reserve	15,912	24,211
Retained profits	<u>7,013,820</u>	<u>6,763,977</u>
	8,031,914	7,713,428
	=====	=====

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve are made directly through retained profits and in consultation with the HKMA.

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D. NOTES TO FINANCIAL STATEMENTS

(20) OFF-BALANCE SHEET EXPOSURES

Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liability and commitment:

	30 Jun 2007 HK\$'000	31 Dec 2006 HK\$'000
Direct credit substitutes	332,644	370,641
Transaction-related contingencies	16,857	23,233
Trade-related contingencies	450,803	540,512
Forward forward deposits placed	1,875,912	-
Other commitments:		
-which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	2,306,545	2,099,019
-with an original maturity of under one year	53,299	69,923
-with an original maturity of one year and over	<u>30,128</u>	<u>5,372</u>
	5,066,188 =====	3,108,700 =====

The aggregate credit risk weighted amounts of the above off-balance sheet exposures are as follows:

	30 Jun 2007 HK\$'000	31 Dec 2006 HK\$'000
Credit risk-weighted amounts	751,625 =====	430,132 =====

Contingent liabilities and commitments are credit-related which include letter of credits, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for the loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client defaults. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

(21) COMPARATIVE FIGURES

Certain comparative figures have been restated to comply with the disclosure requirement of the Banking (Disclosure) Rules which was first adopted on 1 January 2007.

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E. SUPPLEMENTARY FINANCIAL INFORMATION

(1) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS

(a) Advances to customers overdue for more than three months :

	30 Jun 2007	% on total	31 Dec 2006	% on total
	HK\$'000	advances to	HK\$'000	advances to
		customers		customers
Six months or less but over three months	13,629	0.05	16,401	0.06
One year or less but over six months	10,683	0.03	28,232	0.11
Over one year	<u>5,672</u>	<u>0.02</u>	<u>410</u>	<u>0.00</u>
Total gross amount of advances overdue for more than three months	29,984 =====	0.10 =====	45,043 =====	0.17 =====
Individual impairment allowances made in respect of the above overdue advances	7,769 =====		3,662 =====	
Market value of collateral held against the secured overdue advances	29,630 =====		48,132 =====	
Secured overdue advances	26,593 =====		39,501 =====	
Unsecured overdue advances	3,391 =====		5,542 =====	

As at 30 June 2007 and 31 December 2006, there were no overdue advances to banks.

(b) Rescheduled advances to customers :

	30 Jun 2007	% on total	31 Dec 2006	% on total
	HK\$'000	advances to	HK\$'000	advances to
		customers		customers
Rescheduled advances to customers	1,554 =====	0.00 =====	11,820 =====	0.04 =====

Rescheduled advances are those advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised payment terms are non-commercial to the Bank. The rescheduled advances are stated net of any advances that have subsequently become overdue for over three months and reported as overdue advances as above.

As at 30 June 2007 and 31 December 2006, there were no rescheduled advances to banks.



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E. SUPPLEMENTARY FINANCIAL INFORMATION

(1) OVERDUE, RESCHEDULED AND REPOSSESSED ASSETS (continued)

(c) Repossessed assets

As at 30 June 2007, the repossessed assets obtained as securities for advances to customers amounted to HK\$3,128,000 (as at 31 Dec 2006: HK\$9,073,000).

(d) Other overdue and rescheduled assets

As at 30 June 2007 and 31 December 2006, there were no other overdue and rescheduled assets.

(2) CAPITAL ADEQUACY RATIO AND CORE CAPITAL RATIO

	30 Jun 2007 percentage	31 Dec 2006 percentage
Capital adequacy ratio	34.37 =====	32.95 =====
Core capital ratio	33.29 =====	32.10 =====

As at 30 June 2007, the consolidated capital adequacy and core capital ratios were computed on a consolidated basis, including the Bank and its subsidiary, China Construction Bank (Macau) Corporation Limited and were in accordance with the Banking (Capital) Rules issued by the HKMA, which became effective on 1 January 2007.

As at 31 December 2006, the consolidated capital adequacy and core capital ratios were computed in accordance with the Third Schedule to Hong Kong Banking Ordinance.

The two ratios of the two periods are not directly comparable.

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E. SUPPLEMENTARY FINANCIAL INFORMATION

(3) COMPONENTS OF CAPITAL BASE AFTER DEDUCTIONS

The capital base after deductions used in the calculation of the above capital adequacy ratios as at 30 June 2007 and 31 December 2006 and reported to the HKMA is analysed as follows:

	30 Jun 2007 HK\$'000	31 Dec 2006 HK\$'000
Core capital:		
Paid up ordinary share capital	310,131	310,131
Reserves	7,386,265	6,865,470
Profit or loss account	304,978	582,582
Deduct: Deferred tax assets	(14,218)	-
	<u>7,987,156</u>	<u>7,758,183</u>
Less: Deductions from core capital	(13,205)	(13,205)
Total core capital	<u>7,973,951</u>	<u>7,744,978</u>
Supplementary capital:		
Reserves attributable to fair value gains on revaluation of holding of available-for-sale equities and debt securities	(432)	2
Regulatory reserve	178,697	112,000
Collective impairment allowances	93,019	121,418
	<u>271,284</u>	<u>233,420</u>
Less: Deductions from supplementary capital	(13,206)	(13,206)
Total supplementary capital	<u>258,078</u>	<u>220,214</u>
Total capital base after deduction	8,232,029 =====	7,965,192 =====
Total capital base before deduction	8,258,440	7,991,603
Deduction from total capital base	(26,411)	(26,411)
Total capital base after deduction	8,232,029 =====	7,965,192 =====

Deductions from total capital base include investments in subsidiaries (CCB Securities Limited and CCB Nominees Limited) of which their risk weighted assets have not been consolidated into the total risk weighted assets of the Group, which mainly conduct non-banking related businesses.

(4) LIQUIDITY RATIO

	Hong Kong	
	2007 percentage	2006 percentage
Average liquidity ratio for the six-month period ended 30 June	34.26 =====	43.54 =====

The average liquidity ratio for the six months period is calculated as the simple average of each calendar month's average liquidity ratio, which is computed on a single company basis as required by the HKMA for its regulatory purposes, and is in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

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E. SUPPLEMENTARY FINANCIAL INFORMATION

(5) SEGMENTAL INFORMATION FOR THE GROUP

(a) Advances to customers

The Group employs a range of policies and practices to mitigate credit risk, one of which is the taking of collateral and other securities. The principal collateral types include mortgages over premises, deposits, equities and debt securities. Estimate of fair value are based on the value of collaterals assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired. Balances of advances analysed by industry and the corresponding balances covered by collateral are as follows:

(I) gross advance to customers by industry sectors

	30 Jun 2007		31 Dec 2006	
	Outstanding balance	% of advances covered by collateral	Outstanding balance (restated)	% of advances covered by collateral
	HK\$ '000		HK\$ '000	
Advances for use in Hong Kong :				
Industrial, commercial and financial				
- Property investment	10,182,519	99.33	9,495,076	99.31
- Financial concerns	385,366	87.03	286,768	100.00
- Stockbrokers	149,559	100.00	64,439	100.00
- Wholesale and retail trade	939,594	92.26	800,288	95.65
- Manufacturing	875,078	74.05	779,326	75.35
- Transport and transport equipment	666,708	96.65	656,858	95.84
- Recreational activities	6,120	100.00	15,967	100.00
- Information technology	125,433	92.10	73,724	93.12
- Others	1,151,593	99.81	959,905	99.54
	14,481,970	96.87	13,132,351	97.49
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	29,592	100.00	32,548	100.00
- Loans for the purchase of other residential properties	9,641,119	99.76	8,975,461	99.74
- Others	3,284,953	85.90	3,185,143	86.16
	12,955,664	96.24	12,193,152	96.19
Trade finance	1,329,467	14.11	1,237,177	40.57
Loans for use outside Hong Kong	46,451	100.00	20,043	100.00
Total advances to customers	28,813,552	92.78	26,582,723	94.25
	=====	=====	=====	=====

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E. SUPPLEMENTARY FINANCIAL INFORMATION

(5) SEGMENTAL INFORMATION FOR THE GROUP (continued)

(a) Advances to customers (continued)

(I) gross advance to customers by industry sectors (continued)

Individually impaired advances and individual and collective impairment allowances in respect of industry sectors which constitute 10% or more of total advances to customers are as follows:

	30 Jun 2007 HK\$'000	31 Dec 2006 HK\$'000
(i) Property investment		
- Individually impaired advances	5,127	-
- Individual impairment allowance	3,143	-
- Collective impairment allowance	14,578	49,082
(ii) Individuals - loans for the purchase of other residential properties		
- Individually impaired advances	2,546	2,329
- Individual impairment allowance	589	637
- Collective impairment allowance	8,132	11,908
(iii) Individuals - others		
- Individually impaired advances	-	-
- Individual impairment allowance	-	-
- Collective impairment allowance	3,221	12,269

(II) gross advances to customers by geographical areas

	30 Jun 2007 HK\$'000	31 Dec 2006 (restated) HK\$'000
Hong Kong	27,230,391	25,170,167
Others	<u>1,583,161</u>	<u>1,412,556</u>
	28,813,552	26,582,723
	=====	=====

(III) overdue advances to customers for over three months and impaired advances by geographical areas

	30 Jun 2007		31 Dec 2006	
	Gross overdue and impaired advances HK\$'000	Individual impairment allowances HK\$'000	Gross overdue and impaired advances HK\$'000	Individual impairment allowances HK\$'000
Hong Kong	49,823	24,397	76,716	31,174
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	49,823	24,397	76,716	31,174
	=====	=====	=====	=====

There was no collective impairment allowance which is allocated to particular country or geographical segment.

The geographical analysis is based on location of the customers and has not been taken account of transfer of risk.

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E. SUPPLEMENTARY FINANCIAL INFORMATION

(5) SEGMENTAL INFORMATION FOR THE GROUP (continued)

(b) Cross-border claims

Cross-border claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate cross-border claims are shown as follows:

As at 30 June 2007

	<u>Banks</u> HK\$'000	<u>Public sector entities</u> HK\$'000	<u>Others</u> HK\$'000	<u>Total</u> HK\$'000
Asia Pacific				
excluding Hong Kong	4,609,785	-	1,128,849	5,738,634
Europe	4,984,654	-	53,429	5,038,083

As at 31 December 2006

	<u>Banks</u> HK\$'000	<u>Public sector entities</u> HK\$'000	<u>Others</u> HK\$'000	<u>Total</u> HK\$'000
Asia Pacific				
excluding Hong Kong	2,098,204	-	1,027,420	3,125,624
Europe	6,172,005	-	53,460	6,225,465

The geographical analysis has been taken account of transfer of risk.

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E. SUPPLEMENTARY FINANCIAL INFORMATION

(6) NON-BANK MAINLAND EXPOSURES

Non-bank mainland exposures are the mainland exposures to non-bank counterparties. The categories follow the non-bank mainland exposures submitted by the Bank to the HKMA pursuant to section 63 of the Hong Kong Banking Ordinance.

As at 30 June 2007

	On-balance sheet <u>exposure</u> HK\$'000	Off-balance sheet <u>exposure</u> HK\$'000	<u>Total</u> HK\$'000	Impairment <u>allowance</u> HK\$'000
Mainland entities	20,000	10,497	30,497	-
Companies and individuals outside Mainland where the credit is granted for use in Mainland	608,763	145,480	754,243	134
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>-</u>
	634,263 =====	155,977 =====	790,240 =====	134 =====

As at 31 December 2006

	On-balance sheet <u>exposure</u> HK\$'000	Off-balance sheet <u>exposure</u> HK\$'000	<u>Total</u> HK\$'000	Impairment <u>allowance</u> HK\$'000
Mainland entities	-	155	155	-
Companies and individuals outside Mainland where the credit is granted for use in Mainland	700,676	84,822	785,498	411
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	<u>2,006</u>	<u>-</u>	<u>2,006</u>	<u>-</u>
	702,682 =====	84,977 =====	787,659 =====	411 =====

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E. SUPPLEMENTARY FINANCIAL INFORMATION

(7) CURRENCY CONCENTRATIONS

The Group had the following net foreign currency exposures which exceeded 10% of the net foreign currency exposure in all currencies:

	USD HK\$'000 Equivalent	MOP HK\$'000 Equivalent
As at 30 June 2007		
Spot assets	9,157,446	547,699
Spot liabilities	(8,454,740)	(621,297)
Forward purchases	7,711,336	-
Forward sales	<u>(8,263,062)</u>	<u>-</u>
Net long position	150,980	(73,598)
	=====	=====
Net structural position	-	132,184
	=====	=====

	USD HK\$'000 Equivalent	MOP HK\$'000 Equivalent
As at 31 December 2006		
Spot assets	9,803,494	468,610
Spot liabilities	(8,508,820)	(255,288)
Forward purchases	5,416,304	-
Forward sales	<u>(6,576,841)</u>	<u>-</u>
Net long position	134,137	213,322
	=====	=====
Net structural position	-	132,184
	=====	=====

The structural assets of the Group include investment in a subsidiary in Macau.

The net options position is calculated using the Simplified Approach and there was no net options position as at 30 June 2007 and 31 December 2006.