

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2013

(Expressed in thousands of Hong Kong dollars, unless otherwise stated)

Corporate governance

Disclosure on remuneration for CG-5 Guideline on a Sound Remuneration System issued by the HKMA

The Board has delegated power to the Nomination and Remuneration Committee to oversee the design and operation of the Bank's remuneration system.

The Nomination and Remuneration Committee consists of not less than three members, majority of whom should be independent non-executive Directors.

The major responsibilities of the Committee include but not limited to:

- Making recommendations of remuneration packages of the Chief Executive Officer, the Senior Management and the Key Personnel,
- Making recommendations to the Board on the Bank's remuneration structure, annual salary adjustment, annual performance bonus and long term incentive, if applicable, and
- Conducting regular review of the Bank's remuneration system and its operation.

The Committee takes into account of the Bank's risk tolerance, risk management framework and long term financial soundness in determining the Bank's remuneration policy. The policy advocates pay-for-performance philosophy and internal equity to encourage achievement of results and desirable behaviors in support of the Bank's long term goals and strategies.

Remuneration Structure

The remuneration packages of employees focus on "total cash remuneration" comprising of fixed salary and variable remuneration. Following the total reward principle and prevailing market practices, payments of remuneration are required to follow the policy guidelines to maintain an appropriate balance that the fixed portion is sufficient to attract and retain employees with relevant skills and the variable portion will not effectively become "non-discretionary" or induce excessive risk taking. The proportion of variable remuneration shall vary according to roles and responsibilities, and is usually higher for employees who are higher in seniority.

Fixed remuneration refers to base salary, fixed allowances and year-end guaranteed pay (if applicable). Variable remuneration, comprising mainly cash bonus payments, sales incentives and/or long term incentives (if applicable), is awarded based on overall performance of the Bank, the relevant business units and the employee, taking into account the full range of current and potential short-term and longer-term risks connected with the activities of employees which may affect the performance of the Bank.

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Corporate governance (Continued)

Disclosure on remuneration for CG-5 Guideline on a Sound Remuneration System issued by the HKMA (Continued)

Performance Management and Allocation of Variable Remuneration

Performance of individual employees will be assessed against a number of pre-defined and measurable performance goals. The goals are determined according to the job responsibilities, areas of contribution covering both financial and non-financial factors, and the full adherence to the code of conduct, internal control policy, compliance standard and risk management requirements. The overall and balanced quality of an employee's performance is therefore measured and determined by not only financial achievement, but also non-financial indicators as an integral part of the performance management system. For employees within risk control functions, they have to achieve their specific divisional and individual key performance indicators independent of the performance of the business areas which they oversee. Employees who fail to achieve satisfactory performance results as described above will be subject to reduction or elimination of variable remuneration.

In assessing the remuneration packages of the Chief Executive Officer, Senior Management and Key Personnel of the Bank, the Nomination and Remuneration Committee has the delegated responsibility to review and recommend the total remuneration inclusive of the variable components in alignment with the performance management system described above.

Payout and Deferral of Variable Remuneration

The award of variable remuneration is subject to deferment in accordance with the remuneration policy as approved by the Nomination and Remuneration Committee and the Board of the Bank. In general, the proportion of variable remuneration subject to deferment will increase in line with seniority, scope of responsibilities and in proportionate with the amount of bonus as compared to the fixed remuneration.

The award of deferred remuneration is subject to a minimum vesting period and pre-defined vesting conditions in accordance with the remuneration policy. The vesting period shall be up to three years on a gradual manner depending on the amount of the variable remuneration, and aligned to the nature and risks of business, activities undertaken by employees and the time horizon of the risks from the activities. Payout of deferral may be subject to forfeiture in case of significant performance deterioration at the Bank, business unit or individual level, as appropriate. Early payment of deferral amount is normally not allowed and the unvested payment will be forfeited if the employee tenders resignation from the Bank or is terminated by the Bank before the normal payout date. Any exception to the rules is subject to approval by the Board, Nomination and Remuneration Committee or Chief Executive Officer as defined in the remuneration policy.

Unvested deferred remuneration shall be subject to "claw-back" if it is later established that any performance measurement was based on data which is subsequently proven to have been manifestly misstated, or it is later established that there has been fraud or other malfeasance on the part of the employee or violation of the Bank's internal control policies/ procedures. Exception to claw-back shall be subject to approval by the Board, Nomination and Remuneration Committee or Chief Executive Officer as defined in the remuneration policy.

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Corporate governance (Continued)

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On-going Monitoring of the Remuneration System

A multi-level monitoring mechanism shall be in place to ensure the Policy is well respected and followed appropriately.

The Board and the Nomination and Remuneration Committee shall provide oversight of the overall remuneration matters of the Bank to be consistent with its culture, strategy, risk tolerance and control environment. The Internal Control / Audit function of the Bank shall conduct regular review (at least annually), independent of management, on the adequacy and effectiveness of the remuneration policy as well as compliance of the operations of the Bank's remuneration system. Results of the review together with any material weaknesses identified shall be submitted to the Nomination and Remuneration Committee. Involvement and inputs from risk control, compliance, internal control, finance and human resources shall be solicited as appropriate in the design and implementation of the remuneration policy and systems, with specific regard to risk considerations at various levels of the Bank.

Remuneration for Senior Management (note (i)) and Key Personnel (note (ii))

Breakdown of remuneration (note (iii))	2013
Number of Senior Management	9
Number of Key Personnel	<u>4</u>
	2013
Fixed remuneration (Note iv)	
Cash	<u>26,088</u>
Variable remuneration	
Cash	<u>10,131</u>
Breakdown of deferred remuneration	2013
Outstanding and Vested	-
Outstanding and Unvested	8,505
Awarded in 2013	3,499
Paid out in 2013	2,072
Reduced through performance adjustments	-
Reductions in 2013 due to ex post explicit adjustment	-
Reductions in 2013 due to ex post implicit adjustments	-

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No Senior Management and Key Personnel has been awarded guaranteed bonus, sign-on or severance payment in 2013.

Notes:

- (i) Senior management refers to those executives responsible for oversight of the Bank's strategy or activities or material business lines.
- (ii) Key Personnel refers to those executives whose duties or activities involve the assumption of material risks or taking on of material exposures on behalf of the Bank.
- (iii) Breakdown of remuneration refers to the fixed remuneration and variable remuneration awarded to the employees during the period from January 1, 2013 and December 31, 2013.
- (iv) The fixed remuneration included employer contributions to pension scheme.