

FOR IMMEDIATE RELEASE



**China Construction Bank (Asia) Announces
Consolidated Net Profit after Tax of HKD702 Million for the First Half of 2014**

HONG KONG – September 8, 2014 – China Construction Bank (Asia) Corporation Limited (“the Bank”) today announced its first half financial results of 2014. The Bank and its subsidiaries (“the Group”) registered an unaudited net profit after tax of HKD702 million for the first six months ended June 30, 2014.

During the period, the Bank adopted the Hong Kong Accounting Guideline No.5 – “Merger Accounting for Common Control Combination” to restate relevant comparative figures of the previous year in order to reflect the results of business integration with the China Construction Bank Corporation – Hong Kong Branch (“HKBR”), after the Bank acquired a majority of HKBR’s corporate banking business in the second half of 2013. Accordingly, the profit and loss figures of the previous year included all income and expenses of both the Group and HKBR.

In the first half of 2014, total operating income amounted to HKD2,313 million, which was mainly contributed by the net interest income of HKD2,125 million. The non-interest income was HKD188 million while the total operating expenses amounted to HKD1,302 million.

Total consolidated assets of the Group reached HKD437.7 billion as at June 30, 2014, which represented an increase of 5.7% as compared with the end of 2013. Advances to customers and trade bills amounted to HKD270.1 billion. Since the Bank continued to adopt prudent risk management policy, the asset quality was maintained at a satisfactory level with an impaired advances ratio of 0.1%. Deposits from customers and certificates of deposits and other debt securities issued amounted to HKD227 billion and HKD62.8 billion respectively to support the stable and healthy business growth.

Capital adequacy ratios have been compiled in accordance with the Banking (Capital) Rules issued by Hong Kong Monetary Authority. As at June 30, 2014, Common Equity Tier 1 Capital Ratio and Tier 1 Capital Ratio of the Bank both maintained at 16.3%, while the Total Capital Ratio was 17.5%. The average liquidity ratio was 53.83% in the first half of 2014. All key financial ratios were maintained at sound levels and above the statutory requirements, while a stable growth was achieved.

The Group’s interim financial disclosure statements of 2014 have been compiled in compliance with the Banking (Disclosure) Rules and available for collection at the Bank’s branches or viewable on the Bank’s website at www.asia.ccb.com.

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CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
UNAUDITED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Interest income		5,173,292	5,772,531
Interest expense		(3,048,571)	(3,215,733)
Net interest income	8	2,124,721	2,556,798
Net fees and commission income	9	514,617	404,054
Net trading losses	10	(347,859)	(83,338)
Net gains from financial instruments designated at fair value through profit or loss	11	5,474	8,790
Other operating income	12	16,075	25,985
Total operating income		2,313,028	2,912,289
Operating expenses	13	(1,302,461)	(1,149,363)
Operating profit before impairment losses		1,010,567	1,762,926
Impairment allowances charged on advances to banks		(567)	-
Impairment allowances (charged)/released on loans and advances	14	(92,908)	430,616
Impairment allowances charged on repossessed assets		(355)	(165)
Impairment allowances released on held-to-maturity investments		-	1,815
Operating profit		916,737	2,195,192
Net (loss)/profit on disposal of a subsidiary	29	(53,661)	2,000
Share of gains/(losses) of a jointly controlled entity		18,297	(13,666)
Share of profits of an associate		16,846	9,537
Profit before taxation		898,219	2,193,063
Taxation	15	(196,565)	(434,366)
Profit for the period		701,654	1,758,697
Other comprehensive income for the period net of tax			
Items that may be classified subsequently to profit or loss:			
Net movement in investment revaluation	17	72,424	231,113
Net movement in exchange reserve	17	121	-
Total comprehensive income for the period		774,199	1,989,810

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2014	December 31, 2013
Assets			
Cash and balances with banks and central banks	18	43,999,493	29,909,896
Placements with banks maturing between one and twelve months		67,676,205	32,414,088
Advances to banks		15,386,313	13,125,556
Advances to customers and trade bills	19	270,089,879	298,718,328
Financial instruments measured at fair value through profit or loss	20	1,003,555	1,021,461
Available-for-sale financial assets	21	25,793,952	22,966,640
Derivative financial instruments	22	1,072,975	1,585,757
Interest in a joint venture		1,869,031	1,850,734
Investment in an associate		216,227	199,381
Deferred tax assets		107,683	104,574
Fixed assets	23	3,589,545	3,544,681
Other assets		6,845,471	3,169,259
Assets of disposal group classified as held for sale		-	5,557,368
Total assets		437,650,329	414,167,723
Liabilities			
Deposits and balances of banks		98,681,394	112,201,379
Deposits from customers	24	227,039,271	200,906,092
Certificates of deposit and other debt securities issued	25	62,806,675	44,384,610
Derivative financial instruments	22	1,108,299	1,575,047
Current tax payable		335,486	214,797
Deferred tax liabilities		17,984	17,984
Other liabilities		5,359,132	9,475,303
Liabilities of disposal group classified as held for sale		-	3,864,622
Total liabilities		395,348,241	372,639,834
Equity			
Share capital		28,827,843	28,827,843
Reserves	26	13,474,245	12,700,046
Total equity		42,302,088	41,527,889
Total equity and liabilities		437,650,329	414,167,723

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		6 months ended June 30, 2014								
		Share capital	General reserve	Investment revaluation reserve	Exchange reserve	Regulatory reserve	Other reserve	Merger Reserve	Retained profits	Total
Note			26	26	26	26	26	26	26	
	Balance at January 1, 2014	28,827,843	750,956	(18,127)	(237)	2,467,044	15,913	62,262	9,422,235	41,527,889
	Changes in equity for 2014:									
	Profit for the period	-	-	-	-	-	-	-	701,654	701,654
	Other comprehensive income	-	-	72,424	121	-	-	-	-	72,545
	Total comprehensive income	-	-	72,424	121	-	-	-	701,654	774,199
	Regulatory reserve	-	-	-	-	11,220	-	-	(11,220)	-
	Disposal of a subsidiary	-	-	533	116	(117,476)	-	-	116,827	-
	Balance at June 30, 2014	28,827,843	750,956	54,830	-	2,360,788	15,913	62,262	10,229,496	42,302,088

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	6 months ended June 30, 2013 (restated)							
	Share capital	General reserve	Investment revaluation reserve	Exchange reserve	Regulatory reserve	Other reserve	Retained profits	Total
Balance at January 1, 2013	6,511,043	750,956	27,710	(146)	801,240	15,913	9,856,162	17,962,878
Effect of merger of commonly controlled entities and business	-	-	(30,090)	-	107,808	-	1,183,264	1,260,982
Restated balance at January 1, 2013	6,511,043	750,956	(2,380)	(146)	909,048	15,913	11,039,426	19,223,860
Changes in equity for 2013:								
Profit for the period	-	-	-	-	-	-	1,758,697	1,758,697
Other comprehensive income	17	-	231,113	-	-	-	-	231,113
Total comprehensive income	-	-	231,113	-	-	-	1,758,697	1,989,810
Distribution (Note)	-	-	-	-	-	-	(1,244,656)	(1,244,656)
Regulatory reserve	-	-	-	-	524,625	-	(524,625)	-
Balance at June 30, 2013	6,511,043	750,956	228,733	(146)	1,433,673	15,913	11,028,842	19,969,014

Note: Amount represented repatriation of profit to an intermediate holding company by HKBR.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Net cash inflow/(outflow) from operations	23,262,555	(17,478,897)
Hong Kong Profits Tax paid	(40,541)	-
People's Republic of China ("PRC") withholding tax paid	(37,494)	(110,412)
Net cash inflow/(outflow) from operating activities	23,184,520	(17,589,309)
Purchase of available-for-sale financial instruments	(12,376,723)	(25,822,007)
Net cash (outflow)/inflow from disposal of subsidiaries (net of cash and cash equivalents disposed)	(1,460,342)	7,419
Purchase of property and equipment	(140,692)	(97,028)
Proceeds received from redemption and disposal of available-for-sale financial assets	7,599,922	33,172,578
Dividends received from listed and unlisted investments	2,736	2,887
Net cash (outflow)/inflow from investing activities	(6,375,099)	7,263,849
Distribution to an intermediate holding company by HKBR	-	(1,244,657)
Net cash outflow from financing activities	-	(1,244,657)
Net increase/(decrease) in cash and cash equivalents	16,809,421	(11,570,117)
Cash and cash equivalents at January 1	50,936,509	67,214,506
Effect of foreign exchange rate changes	(601,239)	(169,850)
Cash and cash equivalents at June 30	67,144,691	55,474,539
Cash flows from operating activities include:		
Interest received	5,861,797	5,702,380
Interest paid	(3,563,394)	(2,976,669)

- (a) On June 7, 2014, China Construction Bank (Macau) Corporation Limited ("CCBM") was disposed with a consideration of HK\$914.8 million based on its net book value as at June 6, 2014. Net cash outflow amounted to HK\$1.46 billion after netting of the cash and cash equivalents disposed of, with respect to the disposal of CCBM is included in investing activities.
- (b) China Construction Bank (Asia) Finance Limited ("CCBAF"), one of the subsidiaries of the Group, was disposed with a consideration of HK\$202 million in the first half of 2013. Net cash inflow amounted to HK\$7.42 million, after netting of the cash and cash equivalents disposed of, with respect to the disposal of CCBAF is included in investing activities.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS

(1) BASIS OF PREPARATION

These interim financial information disclosure statements were authorised for issue on September 5, 2014 and have been prepared in accordance with the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority ("HKMA") and in accordance with HKAS 34, "Interim financial reporting".

(2) BASIS OF CONSOLIDATION

The interim financial information disclosure statements cover the consolidated positions of the China Construction Bank (Asia) Corporation Limited ("the Bank") and its subsidiaries (together referred to as "the Group"), the Group's interest in an associate and a joint venture up to June 30, 2014.

Unless otherwise stated, all financial information contained 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, an associate and a joint venture whereas the latter excludes CCB Securities Limited ("CCBS"), CCB Nominee Limited ("CCBN") and CCB (Asia) Trustee Company Limited ("CCBT") which conduct non-banking related business. Details of the subsidiaries which are not included in consolidation for regulatory purposes are as follows:

Name of company	Principal activities	Total assets		Total equity	
		June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
CCBS	Securities brokerage	615,837	605,504	605,163	605,352
CCBN	Nominee services	42,855	39,721	39,030	39,048
CCBT	Trustee services	7,827	9,349	3,871	7,373

Application of merger accounting

On August 8, 2013, the Bank signed a business transfer agreement with China Construction Bank Corporation, Hong Kong Branch ("HKBR") to purchase a majority of the corporate banking business of HKBR ("Acquired Business"). As part of the Acquired Business, a number of assets of HKBR were transferred over to the Bank subsequent to the date of the agreement and the business transfer was completed on December 31, 2013 ("Effective Date"). The consideration for the transaction was approximately HK\$150.4 billion which approximates the net book value of the Acquired Business.

On December 30, 2013, the Group also acquired 100% equity interest at par (i.e. HK\$1) of CCB Properties (Hong Kong) Holdings Limited and all of its subsidiaries ("CCBP Group") including an investment in a joint venture from a fellow subsidiary.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(2) BASIS OF CONSOLIDATION (CONTINUED)

Application of merger accounting (continued)

As the Bank, HKBR and CCBP Group were under the common control of China Construction Bank Corporation (“CCBC”) before and after the above-mentioned acquisitions, the Group applied Accounting Guideline No.5 – “Merger Accounting for Common Control Combinations” issued by the HKICPA (“AG5”) in accounting for the acquisition of the Acquired Business and CCBP Group in the consolidated financial statements.

AG5 requires retrospective application for all periods presented and has resulted in the following impacts to the consolidated financial statements:

- Acquisition of a majority of the corporate banking business of HKBR

Pursuant to the business transfer agreement, the Bank acquired a majority, but not all, of the corporate banking business of HKBR. Accordingly, certain assets and all liabilities of HKBR’s corporate banking business have not been acquired by the Bank (the “Excluded Business”). In accordance with the principles of merger accounting, the Group’s consolidated financial statements and the Bank’s own financial statements have been presented as if the acquisition by the Bank had occurred from the date when the Acquired Business first came under the control of HKBR. Further, the consolidated statement of financial position and the consolidated statement of comprehensive income of the Group and the statement of financial position of the Bank include the net assets and results of the Excluded Business because the results of this business cannot be clearly distinguished from that of the Acquired Business. The assets and liabilities of both the Acquired Business and Excluded Business have been included at their carrying amounts in the records of HKBR. In accordance with merger accounting principles, no adjustments to fair value are made and no goodwill is recognised. The assets and liabilities related to the Excluded Business have been accounted for as a distribution to HKBR upon completion of the business transfer at December 31, 2013. The difference between the value of assets transferred and the consideration paid, arising as a result of the acquisition of Acquired Business, was recognised as a merger reserve in equity.

- Acquisition of CCBP Group

In accordance with the principles of merger accounting, the Group’s consolidated financial statements have been presented as if the acquisition by the Bank had occurred from the date when CCBP Group first came under the control of CCBC and its assets and liabilities have been included at their previous carrying amounts; no adjustments to fair value are made and no goodwill is recognised.

The net assets of HKBR have been recognised using the carrying amounts in the consolidated financial statements of the Group. Similarly, the net assets of CCBP Group have been recognised using the carrying amounts in the consolidated financial statements of the Group.

The effects of all transactions between the Bank and its subsidiaries, the Acquired Business of HKBR and CCBP Group, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements. The transaction costs for the acquisition were recognised as expenses in the consolidated statement of comprehensive income.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(2) BASIS OF CONSOLIDATION (CONTINUED)

Application of merger accounting (continued)

The effects of the combination of HKBR and CCBP Group on the result of the Group for the year ended December 31, 2013 and the financial position of the Group at December 31, 2013 are summarised below:

Group	The Group (exclude CCBP Group)	HKBR	Subtotal	Distribution of Excluded Business to HKBR	CCBP Group	Inter- company elimination	Consolidated
<u>December 31, 2013</u>							
Assets							
Cash and balances with banks and central banks	29,863,831	50,142,611	80,006,442	(50,142,611)	54,506	(8,441)	29,909,896
Placement with banks	32,414,088	68,853,953	101,268,041	(68,853,953)	-	-	32,414,088
Advances to banks	13,125,556	396,784	13,522,340	(396,784)	-	-	13,125,556
Advances to customers and trade bills	298,836,705	153,078,212	451,914,917	(153,078,212)	-	(118,377)	298,718,328
Available-for-sale financial assets	22,966,640	18,119,660	41,086,300	(18,119,660)	-	-	22,966,640
Other assets	14,314,601	4,379,602	18,694,203	(4,379,602)	2,718,969	(355)	17,033,215
	<u>411,521,421</u>	<u>294,970,822</u>	<u>706,492,243</u>	<u>(294,970,822)</u>	<u>2,773,475</u>	<u>(127,173)</u>	<u>414,167,723</u>
Liabilities							
Deposits and balances of banks	112,201,379	73,782,662	185,984,041	(73,782,662)	-	-	112,201,379
Deposits from customers	200,915,866	90,695,462	291,611,328	(90,695,462)	-	(9,774)	200,906,092
Certificates of deposit and other debt securities issued	44,384,610	123,267,905	167,652,515	(123,267,905)	-	-	44,384,610
Other liabilities	12,362,413	4,924,040	17,286,453	(4,924,040)	2,902,729	(117,389)	15,147,753
	<u>369,864,268</u>	<u>292,670,069</u>	<u>662,534,337</u>	<u>(292,670,069)</u>	<u>2,902,729</u>	<u>(127,163)</u>	<u>372,639,834</u>
Equity							
Share Capital	28,827,843	-	28,827,843	-	10	(10)	28,827,843
Reserves	12,829,310	2,300,753	15,130,063	(2,300,753)	(129,264)	-	12,700,046
	<u>41,657,153</u>	<u>2,300,753</u>	<u>43,957,906</u>	<u>(2,300,753)</u>	<u>(129,254)</u>	<u>(10)</u>	<u>41,527,889</u>
Total equity and liabilities	<u>411,521,421</u>	<u>294,970,822</u>	<u>706,492,243</u>	<u>(294,970,822)</u>	<u>2,773,475</u>	<u>(127,173)</u>	<u>414,167,723</u>

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(2) BASIS OF CONSOLIDATION (CONTINUED)

Application of merger accounting (continued)

The consolidated statement of comprehensive income for the six months ended June 30, 2013 is:

	The Group	HKBR	CCBP Group	Inter-company elimination	Consolidated
Net interest income	1,238,810	1,318,017	1	(30)	2,556,798
Other operating income/ (expenses)	408,503	(57,564)	10,984	(6,432)	355,491
Total operating income	1,647,313	1,260,453	10,985	(6,462)	2,912,289
Operating expenses	(869,497)	(217,272)	(69,056)	6,462	(1,149,363)
Impairment (losses)/reversal	(11,991)	444,257	-	-	432,266
Other gains/share of profits or (losses) of investments	11,537	-	(13,666)	-	(2,129)
Profit/(loss) before taxation	777,362	1,487,438	(71,737)	-	2,193,063
Taxation	(132,002)	(302,364)	-	-	(434,366)
Profit/(loss) for the period	645,360	1,185,074	(71,737)	-	1,758,697
Other comprehensive income	(13,271)	244,384	-	-	231,113
Total comprehensive income	632,089	1,429,458	(71,737)	-	1,989,810

The consolidated statement of cash flows for the six months ended June 30, 2013 was restated under the application of merger accounting. Before the restatement, the net cash outflow from operating activities, investing activities and financing activities are \$9,038,471, \$974,955 and \$0 respectively and the cash and cash equivalents as at June 30, 2013 is \$21,347,887.

(3) STATEMENT OF COMPLIANCE

In preparing the unaudited interim financial information disclosure statements for the first half of 2014, the Bank has fully complied with the disclosure provisions of the Banking (Disclosure) Rules.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(4) ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as described below.

HKFRS 10, HKFRS 12 and HKAS 27 Amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Group does not qualify to be an investment entity.

HKAS 32 Amendments clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

HKAS 36 Amendments modify the disclosure requirements for impaired nonfinancial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have any material financial impact on the Group.

HKAS 39 Amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's interim financial report as the Group has not novated any of its derivatives.

HK(IFRIC) 21 'Levies'. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event that gives rise to pay a levy is, and when a liability should be recognised. The Group is not currently subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the interim financial statements for the period ended June 30, 2014.

(5) ESTIMATES

The preparation of consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2013.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(6) FINANCIAL RISK MANAGEMENT

Maturity analysis

The table below sets out the maturity profile of assets and liabilities analysed by the remaining period to repayment as at the reporting date:

At June 30, 2014

	Repayable on demand	1 month or less	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
Assets								
Cash and balances with banks and central banks	17,050,453	26,949,040	-	-	-	-	-	43,999,493
Placements with banks maturing between one and twelve months	-	-	47,827,949	19,848,256	-	-	-	67,676,205
Advances to banks	-	945,227	9,088,134	5,352,952	-	-	-	15,386,313
Advances to customers and trade bills	2,268,402	34,531,890	38,620,919	119,722,420	45,309,756	29,636,492	-	270,089,879
Financial instruments measured at fair value through profit or loss	-	304,182	-	693,489	5,884	-	-	1,003,555
Available-for-sale financial assets	-	1,387,429	3,349,068	13,109,286	7,676,826	242,824	28,519	25,793,952
Derivative financial instruments	-	339,813	119,912	544,796	68,454	-	-	1,072,975
Interest in a joint venture	-	-	-	-	-	-	1,869,031	1,869,031
Interest in an associate	-	-	-	-	-	-	216,227	216,227
Deferred tax assets	-	-	-	-	-	-	107,683	107,683
Fixed assets	-	-	-	-	-	-	3,589,545	3,589,545
Other assets	12,466	5,321,704	864,966	433,300	211,996	117	922	6,845,471
Total assets	19,331,321	69,779,285	99,870,948	159,704,499	53,272,916	29,879,433	5,811,927	437,650,329

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(6) FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity analysis (Continued)

At June 30, 2014 (Continued)

	Repayable on demand	1 month or less	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
Liabilities								
Deposits and balances of banks	3,768,564	33,757,943	41,756,522	19,398,365	-	-	-	98,681,394
Deposits from customers	30,633,569	58,831,552	65,280,114	72,200,275	93,761	-	-	227,039,271
Certificates of deposit and other debt securities issued	-	2,310,877	4,851,272	38,644,127	17,000,399	-	-	62,806,675
Derivative financial instruments	-	333,791	173,608	497,322	103,578	-	-	1,108,299
Current tax payable	-	-	-	335,486	-	-	-	335,486
Deferred tax liabilities	-	-	-	-	-	-	17,984	17,984
Other liabilities	23,924	982,783	646,893	890,960	105,574	-	2,708,998	5,359,132
Total liabilities	34,426,057	96,216,946	112,708,409	131,966,535	17,303,312	-	2,726,982	395,348,241
Net (liabilities)/assets gap	(15,094,736)	(26,437,661)	(12,837,461)	27,737,964	35,969,604	29,879,433	3,084,945	42,302,088
Of which:								
Debt securities included in trading assets	-	993	-	4,063	5,884	-	-	10,940
included in financial assets designated at fair value through profit or loss	-	303,189	-	689,426	-	-	-	992,615
included in available-for-sale financial assets	-	1,387,429	3,349,068	13,109,286	7,676,826	242,824	-	25,765,433

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(6) FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity analysis (Continued)

The table below sets out the maturity profile of assets and liabilities analysed by the remaining period to repayment as at the reporting date:

At December 31, 2013

	Repayable on demand	1 month or less	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
Assets								
Cash and balances with banks and central banks	6,921,287	22,988,609	-	-	-	-	-	29,909,896
Placements with banks maturing between one and twelve months	-	-	25,251,018	7,163,070	-	-	-	32,414,088
Advances to banks	-	5,439,335	4,655,115	2,822,106	209,000	-	-	13,125,556
Advances to customers and trade bills	2,061,864	43,805,741	89,882,587	92,956,552	41,351,583	28,660,001	-	298,718,328
Financial instruments measured at fair value through profit or loss	-	-	-	972,099	49,362	-	-	1,021,461
Available-for-sale financial assets	-	4,513,671	2,753,944	9,241,761	6,177,344	250,754	29,166	22,966,640
Derivative financial instruments	-	421,114	558,501	578,217	27,925	-	-	1,585,757
Interest in a joint venture	-	-	-	-	-	-	1,850,734	1,850,734
Interest in an associate	-	-	-	-	-	-	199,381	199,381
Deferred tax assets	-	-	-	-	-	-	104,574	104,574
Fixed assets	-	-	-	-	-	-	3,544,681	3,544,681
Other assets	294	1,390,432	1,148,353	511,940	96,385	2,189	19,666	3,169,259
Assets of disposal group classified as held for sale	525,897	220,801	126,027	612,601	1,627,372	2,430,697	13,973	5,557,368
Total assets	9,509,342	78,779,703	124,375,545	114,858,346	49,538,971	31,343,641	5,762,175	414,167,723

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(6) FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity analysis (Continued)

At December 31, 2013 (Continued)

	Repayable on demand	1 month or less	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
Liabilities								
Deposits and balances of banks	276,895	33,891,839	60,623,774	17,408,871	-	-	-	112,201,379
Deposits from customers	29,681,394	57,818,599	65,143,839	48,260,325	1,935	-	-	200,906,092
Certificates of deposit and other debt securities issued	-	2,278,262	9,806,065	31,307,301	992,982	-	-	44,384,610
Derivative financial instruments	-	392,584	547,335	614,585	20,543	-	-	1,575,047
Current tax payable	-	-	-	214,797	-	-	-	214,797
Deferred tax liabilities	-	-	-	-	-	-	17,984	17,984
Other liabilities	130	4,646,391	978,587	974,180	48,353	-	2,827,662	9,475,303
Liabilities of disposal group classified as held for sale	1,669,768	1,278,533	671,122	244,971	228	-	-	3,864,622
Total liabilities	31,628,187	100,306,208	137,770,722	99,025,030	1,064,041	-	2,845,646	372,639,834
Net (liabilities)/assets gap	(22,118,845)	(21,526,505)	(13,395,177)	15,833,316	48,474,930	31,343,641	2,916,529	41,527,889
Of which:								
Debt securities included in trading assets	-	-	-	991	9,178	-	-	10,169
included in financial assets designated at fair value through profit or loss	-	-	-	971,108	40,184	-	-	1,011,292
included in available-for-sale financial assets	-	4,513,671	2,753,944	9,241,761	6,177,344	250,754	-	22,937,474

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(7) SEGMENTAL INFORMATION

(a) Reportable segments

The Group manages its businesses by divisions, which are organised by products services and customer types. In a manner consistent with the way in which information is reported internally to the executive management for the purposes of resource allocation and performance assessment, the Group has presented the following 4 reportable segments.

(i) Corporate and commercial banking

This segment mainly represents the provision of a range of financial products and services to corporations, including securities firms and small and medium sized enterprises. The products and services mainly include commercial loans, syndicated loans, residential and commercial mortgages, trade financing, machinery and equipment leasing, stockbroker financing and deposit-taking activities.

(ii) Retail banking

This segment mainly represents the provision of a range of financial products and services to individual customers. The products and services mainly comprise personal loans, credit cards, residential mortgages, auto-financing, deposit-taking activities, wealth management, insurance and securities agency services.

(iii) Treasury business

This segment covers the Bank's treasury operations. The Treasury Division enters into inter-bank money market transactions and invests in debt instruments. It also trades in debt instruments, derivatives and foreign currency for its own account as well as carries out customer driven derivatives such as foreign currency transactions. Its function also includes the management of the Group's overall liquidity position, including the issuance of certificates of deposit.

(iv) Others

This segment mainly represents management of shareholders' funds, bank premises and other items which do not belong to the above specific segments.

Segment results, assets and liabilities

For the purposes of segmental analysis, segment assets and liabilities are mainly composed of placement with banks, advances to banks and customers, investment securities, derivatives financial instruments, deposits and certificates of deposit and other debt securities issued.

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by these segments or which otherwise arise from the depreciation or amortisation of assets attributable to these segments.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(7) SEGMENTAL INFORMATION (CONTINUED)

(a) Reportable segments (Continued)

Revenue and expenses are allocated to the reportable segments with reference to interest and fee and commission income generated by those segments and the expenses incurred by these segments or which otherwise arise from the depreciation or amortisation of assets attributable to these segments.

	6 months end June 30, 2014					Total
	Corporate and Commercial Banking	Retail Banking	Treasury	Others	Inter-segment elimination	
Net interest income	699,609	588,848	601,297	234,967	-	2,124,721
Total operating income/ (loss)						
– External	2,587,527	5,528	85,280	(365,307)	-	2,313,028
– Inter-segment	(1,634,894)	830,727	571,058	233,109	-	-
Total operating income/ (loss)	952,633	836,255	656,338	(132,198)	-	2,313,028
Depreciation and amortisation	(19,836)	(45,539)	(9,076)	(22,865)	-	(97,316)
Total operating expenses	(296,417)	(748,190)	(70,586)	(187,268)	-	(1,302,461)
Operating profit before impairment losses	656,216	88,065	585,752	(319,466)	-	1,010,567
(Charge on)/ release of impairment	(106,629)	12,799	-	-	-	(93,830)
Non-operating loss	-	-	-	(18,518)	-	(18,518)
Profit/(loss) before taxation	549,587	100,864	585,752	(337,984)	-	898,219
Total assets as at June 30, 2014	255,281,197	31,752,312	143,890,636	7,019,911	(293,727)	437,650,329
Total liabilities as at June 30, 2014	119,140,378	113,617,032	158,750,883	4,133,675	(293,727)	395,348,241

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(7) SEGMENTAL INFORMATION (CONTINUED)

(a) Reportable segments (Continued)

	6 months ended June 30, 2013					Total
	Corporate and Commercial Banking	Retail Banking	Treasury	Others	Inter-segment elimination	
Net interest income	1,880,635	534,558	112,556	29,049	-	2,556,798
Total operating income						
– External	2,779,277	370,952	(304,653)	66,713	-	2,912,289
– Inter-segment	(908,498)	405,814	487,059	15,625	-	-
Total operating income	1,870,779	776,766	182,406	82,338	-	2,912,289
Depreciation and amortisation	(4,635)	(17,384)	(1,993)	(62,017)	-	(86,029)
Total operating expenses	(269,967)	(651,882)	(53,409)	(174,105)	-	(1,149,363)
Operating profit/ (loss) before impairment losses	1,600,812	124,884	128,997	(91,767)	-	1,762,926
Release of/(charge on) impairment	455,060	(22,748)	-	(46)	-	432,266
Non-operating loss	-	-	-	(2,129)	-	(2,129)
Profit before taxation	2,055,872	102,136	128,997	(93,942)	-	2,193,063
Total assets as at December 31, 2013	281,419,233	32,798,497	90,705,151	10,018,565	(773,723)	414,167,723
Total liabilities as at December 31, 2013	96,534,738	107,100,656	160,855,662	8,922,501	(773,723)	372,639,834

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(7) SEGMENTAL INFORMATION (CONTINUED)

(b) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers, profit before taxation, total assets, total liabilities, specified non-current assets, contingent liabilities and commitments. The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets which comprise fixed assets, interests in leasehold land, interest in a joint venture and interest in an associate is based on the physical location of the asset, in case of fixed assets, and the location of the operation to which they are allocated, in the case of intangible assets and interests in associate.

	6 months ended June 30, 2014		At June 30, 2014			
	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non- current assets	Contingent liabilities and commitments
Hong Kong (place of domicile)	2,263,807	893,197	437,650,329	395,348,241	5,674,803	48,762,522
Macau	49,221	5,022	-	-	-	-
	<u>2,313,028</u>	<u>898,219</u>	<u>437,650,329</u>	<u>395,348,241</u>	<u>5,674,803</u>	<u>48,762,522</u>

	6 months ended June 30, 2013 (restated)		At December 31, 2013			
	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non- current assets	Contingent liabilities and commitments
Hong Kong (place of domicile)	2,864,711	2,185,081	410,947,424	370,330,110	5,594,796	46,620,876
Macau	47,578	7,982	7,057,850	6,147,275	13,030	511,158
Less: Intra-group items	-	-	(3,837,551)	(3,837,551)	-	-
	<u>2,912,289</u>	<u>2,193,063</u>	<u>414,167,723</u>	<u>372,639,834</u>	<u>5,607,826</u>	<u>47,132,034</u>

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(8) NET INTEREST INCOME

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Interest income		
<i>Interest income arising from financial assets that are not measured at fair value through profit or loss</i>		
Placements and advances to banks	1,272,984	755,637
Advances to customers and trade bills	3,611,023	4,851,465
Available-for-sale financial assets	289,285	156,831
Unlisted held-to-maturity investments	-	8,598
	<u>5,173,292</u>	<u>5,772,531</u>
Interest expense		
<i>Interest expense arising from financial liabilities that are not measured at fair value through profit or loss</i>		
Deposits and balances of banks	860,084	818,775
Deposits from customers	1,658,240	1,200,288
Certificates of deposit and other debt securities issued	530,247	1,196,670
	<u>3,048,571</u>	<u>3,215,733</u>
Net interest income	<u>2,124,721</u>	<u>2,556,798</u>

There were no interest income accrued on impaired financial assets nor interest income on the unwinding of discount on loan impairment losses for the six months ended June 30, 2014 and June 30, 2013. Interest income from available-for-sale financial assets include \$160,037 from listed debt securities (2013: \$61,854) and \$129,248 from unlisted debt securities (2013: \$104,796).

Merger accounting as set out in Note (2) "Basis of Consolidation" has been applied.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(9) NET FEES AND COMMISSION INCOME

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Fees and commission income	565,940	447,281
Fees and commission expense	(51,323)	(43,227)
Net fees and commission income	514,617	404,054
Of which:		
Net fee and commission income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are neither held for trading nor designated at fair value through profit or loss		
- fee and commission income	199,164	232,977
- fee and commission expense	(23,935)	(16,668)

(10) NET TRADING LOSSES

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Foreign exchange	(380,518)	(67,175)
Interest rate contracts	(8,276)	(46,491)
Options	39,991	30,820
Listed debt securities		
interest income	173	74
net realised and unrealised gains/ (losses)	771	(2)
Unlisted debt securities		
interest income	-	224
net realised and unrealised losses	-	(788)
	(347,859)	(83,338)

The foreign exchange losses for the six months ended June 30, 2014 have taken into account an item not related to normal foreign exchange trading business. The above item refers to those RMB assets in relation to RMB capital injection with a revaluation loss of HKD522 million incurred due to the impact of depreciation of RMB in the first half of 2014. Normal foreign exchange trading recorded a gain of HKD142 million, reflecting the Bank's ability to sustain customer-driven business.

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(11) NET GAINS FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	6 months ended June 30, 2014	6 months ended June 30, 2013
Listed debt securities		
interest income	24,265	27,896
net unrealised losses	(18,791)	(19,106)
	5,474	8,790

(12) OTHER OPERATING INCOME

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Dividend income from available-for-sale equity financial assets		
unlisted	2,700	2,862
listed	36	25
	2,736	2,887
Gain on disposal of loans	-	10,244
Others	13,339	12,854
	16,075	25,985

(13) OPERATING EXPENSES

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Staff costs		
salaries and other benefits	657,440	580,225
pension and provident fund costs	47,332	40,452
	704,772	620,677
Premises and equipment expenses excluding depreciation		
rental of premises	181,680	150,247
reversal of impairment on fixed assets	(10)	(3,404)
maintenance	50,034	51,234
leasing of equipment	12,274	9,878
others	45,171	50,926
	289,149	258,881
Auditors' remuneration	2,608	3,065
Depreciation	95,838	86,029
Marketing and promotion expenses	113,386	86,758
Other operating expenses	96,708	93,953
	308,540	269,805
	1,302,461	1,149,363

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(14) IMPAIRMENT ALLOWANCES (CHARGED)/RELEASED ON LOANS AND ADVANCES

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Individually assessed impairment allowances (charged)/released	(1,503)	142,145
Collectively assessed impairment allowances (charged)/released	(91,405)	288,471
Impairment allowances (charged)/released on loans and advances	(92,908)	430,616
Included in the above impairment allowances on loans and advances (charged)/released:		
New and additional charges	(120,176)	(70,147)
Releases	9,506	483,057
Recoveries	17,762	17,706
	(92,908)	430,616

(15) TAXATION

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Current tax – Hong Kong Profits Tax		
Provision for the period	164,813	283,212
Over provision in respect of prior years	-	13,935
	164,813	297,147
Current tax – Overseas		
Provision for the period		
– Macau Complementary Tax	593	945
Withholding tax in the PRC	34,268	54,199
	34,861	55,144
Deferred tax		
Origination and reversal of temporary differences	(3,109)	82,075
	196,565	434,366

The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the period. Taxation for the subsidiary in Macau is calculated at the appropriate current tax rates ruling in Macau.

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(15) TAXATION (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	6 months ended June 30, 2014	6 months ended June 30, 2013 (restated)
Profit before taxation	<u>898,219</u>	<u>2,193,063</u>
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	147,954	373,307
Income not subject to taxation	(984)	(89,477)
Expenses not deductible for taxation purposes	15,327	82,402
Over provision in prior years	-	13,935
Foreign withholding tax	34,268	54,199
Actual tax expense	<u>196,565</u>	<u>434,366</u>

(16) NET HEDGING RESULT

	6 months ended June 30, 2014	6 months ended June 30, 2013
Loss on Hedging instrument	(30,898)	(76,825)
Gain on Hedged items	30,898	76,825
Net hedging result	<u><u>-</u></u>	<u><u>-</u></u>

(17) OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	6 months ended June 30, 2014			6 months ended June 30, 2013 (restated)		
	Before- tax amount	Tax expense	Net-of- tax amount	Before- tax amount	Tax expense	Net-of- tax amount
Available-for-sale financial assets:						
net movement in investment revaluation reserve	72,424	-	72,424	231,118	(5)	231,113
net movement in exchange reserve	<u>121</u>	-	<u>121</u>	-	-	-
Other comprehensive income	<u>72,545</u>	-	<u>72,545</u>	<u>231,118</u>	<u>(5)</u>	<u>231,113</u>

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(18) CASH AND BALANCES WITH BANKS AND CENTRAL BANKS

	June 30, 2014	December 31, 2013
Cash in hand	229,744	234,571
Balances with banks	5,930,273	4,766,795
Balances with central banks	10,890,437	1,919,921
Money at call and short notice with banks	26,949,039	22,988,609
	<u>43,999,493</u>	<u>29,909,896</u>

(19) ADVANCES TO CUSTOMERS AND TRADE BILLS

(a) Advances to customers and trade bills less impairment

	June 30, 2014	December 31, 2013
Advances to customers less impairment		
Gross advances to customers	169,447,402	155,704,191
Dealers' commission and deferred fee income	(47,749)	(13,577)
	169,399,653	155,690,614
Less: Impairment allowances		
collectively assessed	(544,999)	(506,011)
individually assessed	(51,469)	(58,518)
Net advances to customers	<u>168,803,185</u>	<u>155,126,085</u>
Trade bills less impairment		
Trade bills	101,296,249	143,592,529
Less: Impairment allowances		
collectively assessed	(3,764)	(286)
individually assessed	(5,791)	-
Net trade bills	<u>101,286,694</u>	<u>143,592,243</u>
Net advances to customers and trade bills	<u>270,089,879</u>	<u>298,718,328</u>

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(19) ADVANCES TO CUSTOMERS AND TRADE BILLS (CONTINUED)

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

	<u>June 30, 2014</u>		<u>December 31, 2013</u>	
		% of gross advances		% of gross advances
Gross impaired advances	146,390	0.09	161,933	0.10
Individual impairment allowances	(51,469)		(58,518)	
	94,921		103,415	
Gross individually assessed impaired advances	51,519	0.03	59,930	0.04
Individual impairment allowances	(51,469)		(58,518)	
	50		1,412	
Net realisable value of collateral held against the impaired advances	5,849		31,809	

(c) Impaired trade bills and allowances are analysed as follows:

	<u>June 30, 2014</u>		<u>December 31, 2013</u>	
		% of gross trade bills		% of gross trade bills
Gross impaired trade bills	135,972	0.13	-	-
Individual impairment allowances	(5,791)		-	
	130,181		-	
Gross individually assessed impaired trade bills	135,972	0.13	-	-
Individual impairment allowances	(5,791)		-	
	130,181		-	
Net realisable value of collateral held against the impaired trade bills	-		-	

Impaired advances are advances with objective evidence of impairment.

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

As at June 30, 2014, the Group's gross impaired advances to customers included \$94,871 (December 31, 2013: \$102,003) advances mainly comprised credit card advances and unsecured personal loans for which impairment allowances were collectively assessed.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(20) FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2014	December 31, 2013
Held for trading	10,940	10,169
Designated at fair value through profit or loss	992,615	1,011,292
	<u>1,003,555</u>	<u>1,021,461</u>

Financial instruments measured at fair value through profit or loss analysed by type of issuer and place of listing are as follows:

	Trading		Designated at fair value through profit or loss	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Other debt securities issued by				
government	10,940	10,169	-	-
banks	-	-	952,985	971,108
corporate	-	-	39,630	40,184
	<u>10,940</u>	<u>10,169</u>	<u>992,615</u>	<u>1,011,292</u>
Analysed by place of listing				
listed in Hong Kong	<u>10,940</u>	<u>10,169</u>	<u>992,615</u>	<u>1,011,292</u>

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(21) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2014	December 31, 2013
Treasury bills issued by central governments	5,609,520	8,674,506
Certificates of deposit issued by banks	13,326,642	11,948,290
Other debt securities issued by		
banks	5,513,319	1,269,131
corporate	1,315,952	1,045,547
	25,765,433	22,937,474
Equity shares issued by corporate		
listed outside Hong Kong	11,282	11,927
unlisted	17,237	17,239
	28,519	29,166
	25,793,952	22,966,640
Analysed by place of listing		
listed in Hong Kong	1,010,781	212,225
listed outside Hong Kong	5,991,516	5,654,939
unlisted	18,791,655	17,099,476
	25,793,952	22,966,640

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(22) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives include forward, swap and option transactions undertaken by the Group in the foreign exchange and interest rate markets. The Group uses derivatives for proprietary trading and sale to customers as risk management products. These positions are actively managed through entering offsetting deals with external parties to ensure the Group's net exposures are within acceptable risk levels. No significant proprietary positions were maintained by the Group as at the reporting date. The Group also uses these derivatives in the management of its own asset and liability portfolios and structural positions.

(a) Notional amounts of derivatives

	June 30, 2014				December 31, 2013			
	Managed in conjunction with financial instruments designated at fair value through profit or loss	Held for trading	Used for hedging	Total	Managed in conjunction with financial instruments designated at fair value through profit or loss	Held for trading	Used for hedging	Total
Exchange rate contracts								
Forwards	68,534,676	162,440,298	32,904	231,007,878	81,831,289	143,386,185	-	225,217,474
Options purchased	-	16,016,215	-	16,016,215	-	9,967,089	-	9,967,089
Options written	-	16,016,214	-	16,016,214	-	9,974,272	-	9,974,272
Interest rate swaps	7,470,477	-	387,545	7,858,022	11,693,302	-	37,606	11,730,908
Currency swaps	-	-	2,612,370	2,612,370	-	-	-	-
Equity options purchased / issued	-	123,050	-	123,050	-	78,066	-	78,066
Equity swaps	-	123,050	-	123,050	-	78,066	-	78,066
	76,005,153	194,718,827	3,032,819	273,756,799	93,524,591	163,483,678	37,606	257,045,875

The principal derivatives instruments used by the Group are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. The Group also participates in exchange traded derivatives.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(22) DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Notional amounts of derivatives by remaining maturity analysis

The following table provides an analysis of the notional amounts of derivatives of the Group by relevant maturity grouping based on the remaining periods to settlement at the reporting date.

	June 30, 2014			December 31, 2013		
	1 year or less	Over 1 year to 5 years	Total	1 year or less	Over 1 year to 5 years	Total
Exchange rate contract						
Forwards	230,619,782	388,096	231,007,878	225,123,720	93,754	225,217,474
Options						
purchased	11,935,113	4,081,102	16,016,215	7,637,737	2,329,352	9,967,089
Options written	11,935,112	4,081,102	16,016,214	7,644,920	2,329,352	9,974,272
Interest rate swaps	5,057,809	2,800,213	7,858,022	9,956,237	1,774,671	11,730,908
Currency swaps	-	2,612,370	2,612,370	-	-	-
Equity options purchased / issued	123,050	-	123,050	78,066	-	78,066
Equity swaps	123,050	-	123,050	78,066	-	78,066
	259,793,916	13,962,883	273,756,799	250,518,746	6,527,129	257,045,875

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(22) DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	June 30, 2014			December 31, 2013		
	Fair value assets	Fair value liabilities	Credit risk weighted amount	Fair value assets	Fair value liabilities	Credit risk weighted amount
Exchange rate contracts						
Forwards	980,922	976,622	1,200,091	1,477,857	1,461,910	1,567,770
Options purchased	76,210	-	-	90,210	-	-
Options written	-	76,210	201,720	-	90,210	124,577
Interest rate swaps	14,726	19,711	16,003	12,363	17,600	7,101
Currency Swaps	-	34,639	65,309	-	-	-
Equity options purchased/issued	735	382	-	5,276	5,276	-
Equity swaps	382	735	3,237	51	51	2,277
	1,072,975	1,108,299	1,486,360	1,585,757	1,575,047	1,701,725

As at the reporting date, the credit risk weighted amount was calculated in accordance with the Banking (Capital) Rules and depends on the status of the counterparty and the maturing characteristics. The risk weights used range from 20% to 100% (December 31, 2013: 20% to 100%) for all derivatives.

The Group entered into several bilateral netting arrangements for settlement of exchange rate contracts and these amounts are shown on gross basis.

(d) Fair value hedge and cash flow hedge

The fair value hedges principally consist of interest rate swaps and cross currency swaps. The interest rate swaps are used to protect against changes in the fair value of certain fixed rate assets and liabilities due to movements in market interest rates. The cross currency swaps are used to manage foreign exchange exposures.

The Group's cash flow hedge principally consists of foreign exchange contracts that are used to hedge against the variability in cash flows of certain non-trading assets subject to foreign exchange rate movement.

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(23) FIXED ASSETS

	Leasehold land (*)	Buildings	Leasehold improvements	Furniture and equipment	Total
Cost:					
At January 1, 2014	87,110	3,356,330	328,479	391,127	4,163,046
Additions	-	-	90,086	50,606	140,692
Disposals	-	-	-	(36)	(36)
At June 30, 2014	87,110	3,356,330	418,565	441,697	4,303,702
Accumulated depreciation:					
At January 1, 2014	24,427	169,775	130,988	292,235	617,425
Charge for the period	731	44,743	22,360	28,004	95,838
Disposals	-	-	-	(36)	(36)
At June 30, 2014	25,158	214,518	153,348	320,203	713,227
Allowances for impairment losses:					
At January 1, 2014	-	-	74	866	940
Reversal of impairment losses	-	-	-	(10)	(10)
At June 30, 2014	-	-	74	856	930
Net book value:					
At June 30, 2014	61,952	3,141,812	265,143	120,638	3,589,545
At December 31, 2013	62,683	3,186,555	197,417	98,026	3,544,681

(*) All leasehold land are held under finance leases.

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(24) DEPOSITS FROM CUSTOMERS

	June 30, 2014	December 31, 2013
Demand deposits and current accounts	9,562,751	8,366,241
Savings deposits	20,910,964	21,206,515
Time and call deposits	196,251,460	171,011,103
Structured notes	111,320	71,066
Other deposits	202,776	251,167
	227,039,271	200,906,092

(25) CERTIFICATES OF DEPOSIT AND OTHER DEBT SECURITIES ISSUED

	June 30, 2014	December 31, 2013
At amortised cost:		
Certificates of deposit	46,964,489	43,939,188
Other debt securities	13,276,574	445,422
At amortised cost with fair value hedge adjustment:		
Other debt securities	2,565,612	-
	62,806,675	44,384,610

(26) RESERVES

	June 30, 2014	December 31, 2013
Regulatory reserve (note A)	2,360,788	2,467,044
Investment revaluation reserve	54,830	(18,127)
Exchange reserve	-	(237)
Merger reserve	62,262	62,262
Other reserve	15,913	15,913
General reserve (note B)	750,956	750,956
Retained profits	10,229,496	9,422,235
	13,474,245	12,700,046

All reserves, except for general reserve, are not available for distribution.

(A) Regulatory reserve comprises reserves maintained in accordance with Hong Kong and Macau regulations. It includes a regulatory reserve of \$2,360,788 (December 31, 2013: \$2,352,989) to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movement in this reserve is made directly through retained profits and in consultation with HKMA. In addition, there was no legal reserve maintained in accordance with Article 60 of Decree Law No 32/93/M in Macau (December 31, 2013: MOP117,500) after the disposal of CCBM. These regulatory reserves are non-distributable.

(B) General reserve is appropriated from the retained profits for future use.

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(27) CONTINGENT LIABILITIES AND COMMITMENTS

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

	June 30, 2014	December 31, 2013
Direct credit substitutes	600,814	748,153
Transaction-related contingencies	340,507	206,855
Trade-related contingencies	531,400	555,420
Other commitments:		
which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	40,640,743	39,133,804
with an original maturity		
up to one year	519,675	180,686
with an original maturity over one year	6,129,383	6,307,116
	48,762,522	47,132,034

The aggregate credit risk weighted amounts of the above contingent liabilities and commitments are as follows:

	June 30, 2014	December 31, 2013
Credit risk weighted amounts	3,397,382	3,555,895

Contingent liabilities and commitments are credit-related instruments 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 contractual amounts do not represent expected future cash flows.

The risk weights used in the computation of credit risk weighted amounts range from 0% to 100% (December 31, 2013: 0% to 100%).

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(28) MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Group entered into transactions with related parties in the normal course of its banking business including lending, acceptance and placement of inter-bank deposits, correspondent banking transactions, securities brokerage and derivative transactions. The transactions were priced at the relevant market rates at the time of each transaction.

- (a) The amount of material related party transactions during the period and outstanding balances at the reporting date are set out below:

	Group					
	Intermediate		Fellow subsidiaries		Associate	
	holding company		Fellow subsidiaries		Associate	
	For the six months ended		For the six months ended		For the six months ended	
	June 30, 2014	June 30, 2013 (restated)	June 30, 2014	June 30, 2013 (restated)	June 30, 2014	June 30, 2013
Interest income	1,242,636	1,555,759	3,371	8,005	-	-
Interest expense	745,879	461,199	16,533	25,818	1,787	620
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Amounts due from:						
Cash and balances with banks and central banks	18,817,466	15,036,198	-	-	-	-
Placements with banks maturing between one and twelve months	15,863,629	12,201,061	-	-	-	-
Advance to banks	15,170,129	11,829,095	-	-	-	-
Advance to customers and trade bills	50,592,502	93,734,622	390,000	390,000	-	-
Available-for-sale securities / non-trading securities	1,408,047	-	-	-	-	-
Derivative financial instruments	56,768	430,497	-	-	-	-
Other assets	452,026	1,570,154	25,171	23,351	-	-
Amounts due to:						
Deposits and balances of banks	73,535,395	104,319,911	-	-	-	-
Deposits from customers	-	-	2,586,890	2,750,265	575,676	330,845
Certificates of deposit and other debt securities issued	976,613	976,979	-	-	-	-
Derivative financial instruments	88,159	21,268	-	-	-	-
Other liabilities	3,012,664	3,616,628	1,701	32,044	1,414	462
Contingencies and commitments:						
Direct credit substitutes	-	846	-	-	-	-
Other commitments	-	-	210,000	208,874	-	-
Derivative financial instrument: (notional amount)						
Exchange rate contracts	29,139,786	29,488,892	-	-	-	-
Interest rate swaps	984,364	984,733	-	-	-	-

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NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS (CONTINUED)

(28) MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) During the period ended June 30, 2014, the Bank disposed of the wholly owned subsidiary, CCBM to CCBC as Macau Branch. For details, please refer to note 29.
- (c) During the period ended June 30, 2014, the Bank acquired net advances to customers and trade bills amounted to approximately HK\$20.1 billion (2013: advances to banks and advances to customers and trade bills of approximately HK\$0.4 billion) from HKBR at fair value.
- (d) During the period ended June 30, 2013, the Bank acquired CCB Centre from a fellow subsidiary.

(29) DISPOSAL OF SUBSIDIARIES

- (a) Disposal of subsidiaries

	June 30, 2014	June 30, 2013
Net cash outflow on disposal of a subsidiary		
Consideration received in cash and cash equivalents	914,826	202,000
Less: cash and cash equivalents disposed of	(2,375,168)	(194,581)
	(1,460,342)	7,419

- (b) Disposal of CCBM

In order to support the strengthening of business of CCBC and its subsidiaries ("CCBC Group") in Macau and increase the influence of overseas markets, management disposed of the assets and liabilities of the Bank's wholly owned subsidiary CCBM to CCBC as Macau Branch on June 7, 2014.

	June 7, 2014
Consideration received in cash and cash equivalents	914,826
Analysis of assets and liabilities over which control was lost	
Assets	
Cash and balances with banks and central banks	3,765,790
Advances to banks	865,275
Advances to customers	6,051,824
Investment securities	475,836
Other assets	126,015
	11,284,740
Liabilities	
Deposits and balances of banks	(2,182,270)
Deposits from customers	(6,548,827)
Certificates of deposit and other debt securities issued	(1,505,376)
Other liabilities	(79,780)
	(10,316,253)
Net assets disposed of	968,487
Loss on disposal	(53,661)

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(29) DISPOSAL OF SUBSIDIARIES (CONTINUED)

(c) Disposal of CCBAF

On May 30, 2013, the Group disposed of CCBAF which became inactive since 2012.

	May 30, 2013
Consideration received in cash and cash equivalents	202,000
Analysis of asset and liabilities over which control was lost	
Current assets	
Cash and cash equivalents	194,581
Current tax recoverable	3,419
Other assets	2,000
	<hr/>
Net assets disposed of	200,000
	<hr/>
Gain on disposal	<u>2,000</u>

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SUPPLEMENTARY FINANCIAL INFORMATION

(1) OVERDUE AND RESCHEDULED ASSETS

(a) Gross advances to customers overdue for more than three months

	<u>June 30, 2014</u>		<u>December 31, 2013</u>	
		% on total advances to customers		% on total advances to customers
Six months or less but over three months	10,572	0.01	9,989	0.01
One year or less but over six months	827	-	-	-
Over one year	45,531	0.03	52,000	0.03
Total gross amount of advances overdue for more than three months	56,930	0.04	61,989	0.04
Individually assessed impairment allowances made in respect of the above overdue advances	47,202		52,148	
Net realisable value of collateral held against the overdue advances	5,385		123	
Covered portion of overdue advances	2,076		123	
Uncovered portion of overdue advances	54,854		61,866	
	56,930		61,989	

Collateral held with respect of overdue advances to customers was mainly auto vehicles and residential properties.

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(1) OVERDUE AND RESCHEDULED ASSETS (CONTINUED)

(b) Gross trade bills overdue for more than three months

	<u>June 30, 2014</u>		<u>December 31, 2013</u>	
		% on total trade bills		% on total trade bills
Six months or less but over three months	<u>127,989</u>	<u>0.13</u>	-	-
Total gross amount of trade bills overdue for more than three months	<u>127,989</u>	<u>0.13</u>	-	-
Individually assessed impairment allowances made in respect of the above overdue trade bills	<u>5,377</u>		-	
Net realisable value of collateral held against the overdue trade bills	<u>-</u>		-	
Covered portion of overdue trade bills	-		-	
Uncovered portion of overdue trade bills	<u>127,989</u>		-	
	<u>127,989</u>		-	

As at June 30, 2014 and December 31, 2013, there were no overdue advances to banks.

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(1) OVERDUE AND RESCHEDULED ASSETS (CONTINUED)

(c) Rescheduled advances to customers

	June 30, 2014		December 31, 2013	
	% on total advances to customers		% on total advances to customers	
Rescheduled advances to customers	84,720	0.05	92,162	0.06

Rescheduled advances are those advances which have been restructured or renegotiated because of 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 June 30, 2014 and December 31, 2013, there were no rescheduled advances to banks and trade bills.

(d) Other overdue and rescheduled assets

As at June 30, 2014 and December 31, 2013, there were no other overdue and rescheduled assets.

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT

	June 30, 2014	December 31, 2013
Common Equity Tier 1 Capital Ratio	<u>16.3%</u>	<u>16.6%</u>
Tier 1 Capital Ratio	<u>16.3%</u>	<u>16.6%</u>
Total Capital Ratio	<u>17.5%</u>	<u>17.8%</u>

Capital adequacy ratios were compiled in accordance with the amended Banking (Capital) Rules issued by the HKMA.

As at December 31, 2013, the capital adequacy ratios (“CAR”) were computed on a consolidated basis, including the Bank and its subsidiaries, China Construction Bank (Macau) Corporation Limited (“CCBM”) and CCB Properties (Hong Kong) Holdings Limited and all of its subsidiaries (“CCBP Group”). CCBM was subsequently disposed on June 7, 2014 and only the Bank and CCBP Group were included in the calculation of consolidated CAR as at June 30, 2014.

In accordance with the thresholds as determined in Part 3 of the Capital Rules, the Bank’s shareholding in CCB Securities Limited, CCB Nominees Limited and CCB (Asia) Trustee Company Limited were included in the total risk weighted assets of the Group.

In calculating the risk weighted assets, the Group adopted the Standardised (Credit Risk) Approach and the Standardised (Market Risk) Approach for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using the Basic Indicator Approach.

Other capital disclosure requirements under the Banking (Disclosure) (Amendment) Rules 2013 are published on the Bank’s website: <http://www.asia.ccb.com/hongkong>.

(3) LIQUIDITY RATIO

	<u>For the six-month period ended</u>	
	June 30, 2014	June 30, 2013
Consolidated average liquidity ratio	<u>53.83%</u>	<u>50.15%</u>

The consolidated average liquidity ratio for the six-month period is calculated as the simple average of each calendar month’s average liquidity ratio including for the Bank and its subsidiary, CCBM as required by the HKMA for its regulatory purposes, in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance. After the disposal of CCBM on June 7, 2014, the calculation for consolidated average liquidity ratio as at June 30, 2014 includes the Bank only.

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(4) GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

(a) Analysis of gross advances to customers covered by collateral is as follow:

	June 30, 2014		December 31, 2013	
	Outstanding balance	% of advances covered by collateral	Outstanding balance	% of advances covered by collateral
Advances for use in Hong Kong:				
Industrial, commercial and financial				
Property development	6,697,617	9.24	2,680,284	12.63
Property investment	28,301,382	83.42	26,872,187	86.67
Financial concerns	5,564,902	28.43	3,389,559	1.89
Stockbrokers	1,084,760	36.99	675,765	75.63
Wholesale and retail trade	11,168,324	83.99	7,391,652	92.63
Manufacturing	11,510,156	76.07	10,306,572	78.17
Transport and transport equipment	8,402,823	94.19	7,636,570	92.85
Recreational activities	737,883	99.38	742,902	99.36
Information technology	559,634	5.68	566,606	7.42
Others	22,095,581	84.13	20,831,200	84.54
	96,123,062		81,093,297	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	8,286	100.00	7,628	100.00
Loans for the purchase of other residential properties	13,474,704	99.58	11,557,928	99.91
Credit card advances	5,023,372	-	5,753,744	-
Others	6,806,148	60.97	8,173,638	76.84
	25,312,510		25,492,938	
Trade finance	34,626,327	94.04	40,963,341	54.70
Advances for use outside Hong Kong	13,385,503	34.04	12,997,667	62.81
Gross advances to customers	169,447,402	74.54	160,547,243	70.38

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(4) GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS (CONTINUED)

- (b) Further analysis of gross advances to customers which constitute not less than 10% of gross advances to customers are as follows:

	June 30, 2014	December 31, 2013
(1) Property investment		
Impaired advances	-	1,354
Overdue advances	-	-
Individually assessed impairment allowances	-	-
Collectively assessed impairment allowances	17,698	14,084
Impairment allowances charged during the period/year	3,614	3,064
Advances written-off during the period/year	-	-
(2) Industrial, commercial and financial - Others		
Impaired advances	827	-
Overdue advances	827	-
Individually assessed impairment allowances	-	-
Collectively assessed impairment allowances	17,835	20,522
Impairment allowances (released)/charged during the period/year	(2,687)	17,625
Advances written-off during the period/year	-	-
(3) Trade Finance		
Impaired advances	-	-
Overdue advances	-	-
Individually assessed impairment allowances	-	-
Collectively assessed impairment allowances	11,703	5,975
Impairment allowances charged/(released) during the period/year	5,728	(323)
Advances written-off during the period/year	-	-

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(5) ADVANCES TO CUSTOMERS BY GEOGRAPHICAL AREAS

The following table breaks down the Group's loans and advances exposure by geographical region as of June 30, 2014. The geographical analysis is based on location of the customers and has taken account of transfer of risk.

(a) Gross advances to customers by geographical areas:

	June 30, 2014	December 31, 2013
Hong Kong	123,077,519	107,460,307
China	36,930,770	43,929,957
Macau	158,033	3,414,002
Others	9,281,080	5,742,977
	<u>169,447,402</u>	<u>160,547,243</u>

(b) Impaired advances to customers by geographical areas

	June 30, 2014		December 31, 2013	
	Gross impaired advances	Individually assessed impairment allowances	Gross impaired advances	Individually assessed impairment allowances
Hong Kong	146,390	51,469	161,933	58,518
	<u>146,390</u>	<u>51,469</u>	<u>161,933</u>	<u>58,518</u>

More than 90% of the collective impairment allowances were allocated to Hong Kong as at June 30, 2014 and December 31, 2013.

(6) REPOSSESSED ASSETS

The balance of repossessed assets as at June 30, 2014 was \$1,354 (December 31, 2013: \$1,708).

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(7) CROSS-BORDER CLAIMS

Cross-border claims are exposures recorded on the statement of financial position 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:

	June 30, 2014			Total
	Banks	Public sector entities	Others	
Asia Pacific excluding Hong Kong	<u>235,561,637</u>	<u>2,320,074</u>	<u>72,936,053</u>	<u>310,817,764</u>
- of which China	<u>235,526,811</u>	<u>2,312,241</u>	<u>72,549,658</u>	<u>310,388,710</u>
	December 31, 2013			
	Banks	Public sector entities	Others	Total
Asia Pacific excluding Hong Kong	<u>228,540,803</u>	<u>4,918,904</u>	<u>77,323,107</u>	<u>310,782,814</u>
- of which China	<u>228,501,533</u>	<u>4,911,447</u>	<u>74,186,646</u>	<u>307,599,626</u>

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(8) 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.

	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
At June 30, 2014				
Mainland entities	71,921,620	573,850	72,495,470	-
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	6,069,184	158,021	6,227,205	43,531
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	<u>13,343,181</u>	<u>93,205</u>	<u>13,436,386</u>	-
	<u>91,333,985</u>	<u>825,076</u>	<u>92,159,061</u>	<u>43,531</u>
	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
At December 31, 2013				
Mainland entities	71,443,801	175,711	71,619,512	-
Companies and individuals outside the Mainland where the credit is granted for use in the Mainland	6,018,922	300,202	6,319,124	52,000
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	<u>10,248,970</u>	<u>26,662</u>	<u>10,275,632</u>	-
	<u>87,711,693</u>	<u>502,575</u>	<u>88,214,268</u>	<u>52,000</u>

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SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(9) CURRENCY CONCENTRATIONS

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

At June 30, 2014

HKD equivalent	CNY	USD	AUD	CHF	GBP	NZD	Others	Total
Spot assets	172,233,033	129,348,561	218,824	23,620	51,749	30,137	1,942,611	303,848,535
Spot liabilities	(153,751,892)	(122,079,587)	(1,997,047)	(2,617,772)	(657,227)	(387,466)	(1,368,119)	(282,859,110)
Forward purchases	81,537,695	113,090,813	4,491,380	2,766,498	2,767,475	707,059	2,388,344	207,749,264
Forward sales	(100,887,826)	(119,701,233)	(2,736,057)	(152,631)	(2,140,923)	(331,367)	(2,954,040)	(228,904,077)
Net long / (short) position	<u>(868,990)</u>	<u>658,554</u>	<u>(22,900)</u>	<u>19,715</u>	<u>21,074</u>	<u>18,363</u>	<u>8,796</u>	<u>(165,388)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At December 31, 2013

HKD equivalent	CNY	USD	AUD	CHF	GBP	NZD	Others	Total
Spot assets	159,309,019	136,126,611	557,368	24,708	64,981	14,063	2,359,077	298,455,827
Spot liabilities	(176,513,228)	(77,818,733)	(2,530,574)	(19,409)	(379,056)	(307,976)	(2,067,169)	(259,636,145)
Forward purchases	88,537,869	82,321,673	5,095,146	216,862	950,986	538,588	3,034,966	180,696,090
Forward sales	(69,733,950)	(141,707,082)	(3,260,159)	(220,560)	(627,264)	(241,225)	(2,841,514)	(218,631,754)
Net long / (short) position	<u>1,599,710</u>	<u>(1,077,531)</u>	<u>(138,219)</u>	<u>1,601</u>	<u>9,647</u>	<u>3,450</u>	<u>485,360</u>	<u>884,018</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,447</u>	<u>423,447</u>

The net option position was calculated using the Simplified Approach and there was no net option position as at June 30, 2014 and December 31, 2013. The structural assets of the Group in MOP as at December 31, 2013 include investment in a subsidiary in Macau.

Hong Kong, September 5, 2014