

FOR IMMEDIATE RELEASE



**China Construction Bank (Asia) Announces  
Consolidated Net Profit after Tax of HKD398 Million for the First Half of 2010**

**A Remarkable Increase of 216% as Compared to Same Period of Last Year**

**HONG KONG – September 29, 2010** – China Construction Bank (Asia) Corporation Limited [“CCB (Asia)”] today reported a consolidated net profit after tax of HKD398 million for the first half of 2010, a remarkable increase of 216% as compared to HKD126 million for the same period of 2009, partly due to the improved performances of the bank’s various core businesses and partly due to the acquisition and hence inclusion of the 2010 first half financial results of China Construction Bank (Asia) Finance Limited [“CCBAF”] which became the bank’s wholly-owned subsidiary in October 2009.

During the first half of 2010, the bank’s advances to customers grew by 8% from 2009 year-end while deposits from customers also recorded a growth of 4% despite the low interest rate environment.

Total operating income increased by 74% as compared to the same period of last year, within which net interest income grew by 114% or HKD412 million to HKD773 million, primarily attributable to the larger loan portfolio and the inclusion of CCBAF’s net interest income.

Net fees and commission income also increased by 37% or HKD39 million, largely resulted from the impressive growth of investment-related fee income made possible by the improved economic conditions and investment sentiment during the first half of the year as well as the inclusion of credit card service fee income of CCBAF. Trade finance fee income also increased due to the rising import and export flows.

Total operating expenses grew by 42% or HKD201 million over last year’s same period, mainly caused by increases in staff and marketing expenses, and expenses related to system upgrade and service enhancement to support the bank’s expanded operation and business growth. Also, part of the increase was resulted from the inclusion of the operating expenses of CCBAF.

Under prudent risk management, the bank’s loan quality continued to maintain at a very satisfactory level. The ratio of loans overdue for more than three months was only 0.12% at the end of June 2010 which compared favorably to the industry average of 0.44%.

CCB (Asia) President and Chief Executive Officer Miranda Kwok said, “During the first half of 2010, the global economy was back on the recovery track. With the local economic conditions turning favorable and hence instilling positive sentiment in the market, we progressively developed our loan and deposit portfolio through broadening our customer base and deepening client relationships, resulting in satisfactory growth of income generated by the various core businesses. We believe that the continued improvement in market sentiment and positive economic outlook will facilitate the further expansion of our deposits and loans, wealth management, credit card, online banking and RMB businesses.”

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“With the increasing popularity of RMB products supported by the recent amendments in RMB clearing arrangements, we have been grasping the business opportunity brought by RMB services. For example, we recently took the lead of being the first local retail bank to offer RMB-denominated Structured Equity-Linked Notes, targeting to further expand the RMB investment horizon for our customers. Looking ahead, we will continue to work closely with our parent company China Construction Bank in increasing our market share through cross border financial services to meet our customers’ demand and market trend.” Kwok continued.

The bank’s interim financial disclosure statements of 2010 are 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).

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

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

CCB (Asia) has 44 branches in Hong Kong and Macau. A wide array of consumer, retail and commercial banking products and services are offered to customers through these branches. In addition, there is CCB Private Banking designed specially for high net worth customers.

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

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

The history of the China Construction Bank Corporation [“CCB/the Bank”] dates back to 1954 when the People’s Construction Bank of China was founded. This entity was renamed China Construction Bank in 1996. China Construction Bank 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 had a network of 13,403 branches and sub-branches in Mainland China, and maintained overseas branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York and Ho Chi Minh City as of June 30, 2010. The Sydney Branch and the Moscow Representative Office were approved in August and September 2010, respectively. The Bank has a number of subsidiaries, including China Construction Bank (Asia) Corporation Limited, CCB International (Holdings) Co., Ltd., CCB (London) Limited, CCB Principal Asset Management Co., Ltd., CCB Financial Leasing Corporation Ltd. and Jianxin Trust Co., Ltd. The Bank has a total of approximately 300,000 staff, and provides comprehensive banking services to its customers.

The Bank was listed on the Stock Exchange of Hong Kong Limited (Stock Code: 939) in October 2005 and was listed on the Shanghai Stock Exchange (SSE Code: 601939) in September 2007. As of June 30, 2010, the market capitalization of CCB reached approximately USD196.7 billion, ranking 2nd among listed banks in the world.

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#### **For news enquiry, please contact:**

Willa Wong  
Vice President & Head of Corporate Communications  
Planning, Marketing & Communications  
China Construction Bank (Asia)  
Tel : (852) 3718 2247  
Email : [willa.wong@asia.ccb.com](mailto:willa.wong@asia.ccb.com)  
Web site : [www.asia.ccb.com](http://www.asia.ccb.com)

**CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED**  
**UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX-MONTHS**  
**ENDED 30 JUNE 2010**

**A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
Interest income		925,325	573,717
Interest expense		<u>(152,617)</u>	<u>(212,572)</u>
<b>Net interest income</b>	5	772,708	361,145
Net fees and commission income	6	143,636	105,070
Net gains from financial instruments at fair value through profit or loss	7	181,869	164,901
Other operating income	8	<u>3,248</u>	<u>2,949</u>
<b>Total operating income</b>		1,101,461	634,065
Operating expenses	9	<u>(676,167)</u>	<u>(475,636)</u>
<b>Operating profit before impairment losses</b>		425,294	158,429
Loan impairment and other credit risk provisions released / (charged)	10	<u>36,430</u>	<u>(19,774)</u>
<b>Operating profit</b>		461,724	138,655
Gain on disposal of fixed assets		3	7,082
Share of profits of an associate		<u>12,056</u>	<u>9,524</u>
<b>Profit before taxation</b>		473,783	155,261
Taxation	11	<u>(75,669)</u>	<u>(29,132)</u>
<b>Profit for the period</b>		398,114	126,129
<b>Other comprehensive income for the period net of tax</b>			
Net movement in investment revaluation	12	(11,529)	12,089
Net movement in hedging reserve	12	<u>(754)</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>385,831</u>	<u>138,218</u>

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**B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
<b>Assets</b>			
Cash and balances with banks and central banks	13	8,329,731	8,749,448
Placements with banks maturing between one and twelve months		141,828	28,042
Advances to banks		5,372,603	4,062,650
Advances to customers	14	64,961,340	60,044,268
Financial assets measured at fair value through profit or loss	15	1,828,228	2,175,367
Available-for-sale financial assets	16	5,556,023	3,497,668
Held-to-maturity investments	17	524,919	349,997
Derivative financial instruments	18	826,565	860,192
Investment in an associate		137,505	125,449
Deferred tax assets		66,991	89,647
Fixed assets	19	248,357	242,753
Other assets		<u>601,545</u>	<u>1,354,870</u>
<b>Total assets</b>		<u>88,595,635</u>	<u>81,580,351</u>
<b>Liabilities</b>			
Deposits and balances of banks and a financial institution		8,848,740	5,923,142
Deposits from customers	20	55,064,450	52,753,724
Certificates of deposit issued	21	6,383,275	5,439,729
Derivative financial instruments	18	785,041	743,292
Current tax payable		74,849	33,481
Other liabilities		<u>1,057,211</u>	<u>690,745</u>
<b>Total liabilities</b>		<u>72,213,566</u>	<u>65,584,113</u>
<b>Equity</b>			
Share capital	22(b)	6,511,043	6,511,043
Reserves	22(c)	<u>9,871,026</u>	<u>9,485,195</u>
<b>Total equity</b>		<u>16,382,069</u>	<u>15,996,238</u>
<b>Total equity and liabilities</b>		<u>88,595,635</u>	<u>81,580,351</u>

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**C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

6 months ended 30 June 2010

	Note	Share capital HK\$'000	General reserve HK\$'000	Investment revaluation reserve HK\$'000	Hedging Reserve HK\$'000	Exchange reserve HK\$'000	Regulatory reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2010		6,511,043	845,228	4,918	754	(146)	445,170	15,913	8,173,358	15,996,238
Changes in equity for the period:										
Transfer from retained profits		-	4,660	-	-	-	-	-	(4,660)	-
Regulatory reserve		-	-	-	-	-	51,440	-	(51,440)	-
Total comprehensive income for the period	12	-	-	(11,529)	(754)	-	-	-	398,114	385,831
At 30 June 2010		<u>6,511,043</u>	<u>849,888</u>	<u>(6,611)</u>	<u>-</u>	<u>(146)</u>	<u>496,610</u>	<u>15,913</u>	<u>8,515,372</u>	<u>16,382,069</u>

6 months ended 30 June 2009

	Note	Share capital HK\$'000	General reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Regulatory reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2009		310,131	836,684	(22,531)	(146)	314,354	15,913	7,424,391	8,878,796
Changes in equity for the period:									
Transfer from retained profits		-	8,544	-	-	-	-	(8,544)	-
Regulatory reserve		-	-	-	-	35,323	-	(35,323)	-
Capital injection	22(a)	4,650,912	-	-	-	-	-	-	4,650,912
Total comprehensive income for the period	12	-	-	12,089	-	-	-	126,129	138,218
At 30 June 2009		<u>4,961,043</u>	<u>845,228</u>	<u>(10,442)</u>	<u>(146)</u>	<u>349,677</u>	<u>15,913</u>	<u>7,506,653</u>	<u>13,667,926</u>

6 months ended 31 December 2009

	Note	Share capital HK\$'000	General reserve HK\$'000	Investment revaluation reserve HK\$'000	Hedging Reserve HK\$'000	Exchange reserve HK\$'000	Regulatory reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 July 2009		4,961,043	845,228	(10,442)	-	(146)	349,677	15,913	7,506,653	13,667,926
Changes in equity for the period:										
Transfer from retained profits		-	-	-	-	-	-	-	-	-
Regulatory reserve		-	-	-	-	-	95,493	-	(95,493)	-
Capital injection	22(a)	1,550,000	-	-	-	-	-	-	-	1,550,000
Total comprehensive income for the period	12	-	-	15,360	754	-	-	-	762,198	778,312
At 31 December 2009		<u>6,511,043</u>	<u>845,228</u>	<u>4,918</u>	<u>754</u>	<u>(146)</u>	<u>445,170</u>	<u>15,913</u>	<u>8,173,358</u>	<u>15,996,238</u>

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**D. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
**STATEMENTS**

(1) BASIS OF PREPARATION

This interim financial information disclosure statements were authorised for issue on 24 September 2010 and have been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out as note 3.

(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”), China Construction Bank (Asia) Finance Limited (“CCBAF”), CCB Securities Limited and CCB Nominees Limited) and an associate (QBE Hongkong & Shanghai Insurance Limited) (collectively referred to as “the Group”) up to 30 June 2010.

As CCBAF was only acquired by the Bank on 30 October 2009, its results are included in the consolidated Statements of Comprehensive Income and the related notes for the six month period ended 30 June 2010.

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 and an associate whereas the latter includes the Bank and the subsidiaries (CCBMCL and CCBAF) which conduct banking business.

(3) CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued two new HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
- Amendments to HKAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*
- Improvements to HKFRSs (2009)
- HK(IFRIC) 17, *Distributions of non-cash assets to owners*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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(3) CHANGES IN ACCOUNTING POLICIES (continued)

The amendments to HKAS 39 have no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The amendment introduced by the *Improvements to HKFRSs (2009)* omnibus standard in respect of HKAS 17, *Leases*, resulted in a change of classification of certain of the Group's leasehold land interests located in the Hong Kong Special Administrative Region, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

(4) STATEMENT OF COMPLIANCE

In preparing the unaudited interim financial information disclosure statements for the first half of 2010, the Bank has fully complied with the disclosure provisions of the Banking (Disclosure) Rules.

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**D. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
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(5) NET INTEREST INCOME

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
<b>Interest income</b>		
Interest income arising from financial assets that are not measured at fair value through profit or loss		
- Placements and advances to banks	49,912	111,601
- Advances to customers	863,472	447,818
- Available-for-sale financial assets	11,796	14,290
- Unlisted held-to-maturity investments	145	-
- Others	-	8
	<u>925,325</u>	<u>573,717</u>
<b>Interest expense</b>		
Interest expense arising from financial liabilities that are not measured at fair value through profit or loss		
- Deposits and balances of banks	21,175	54,419
- Deposits from customers	114,205	147,767
- Certificates of deposit issued	15,829	9,096
- Others	4	1,290
	<u>151,213</u>	<u>212,572</u>
Interest expense on financial liabilities that are designated as fair value hedges		
- Net interest expense on hedging instruments	<u>1,404</u>	-
	<u>1,404</u>	-
	<u>152,617</u>	<u>212,572</u>
Net interest income	<u>772,708</u>	<u>361,145</u>

There were no interest income accrued on impaired financial assets and interest income on the unwinding of discount on loan impairment losses for the six months ended 30 June 2010 and 30 June 2009.

Interest income from available-for-sale financial assets include HK\$3,599,000 from listed debt securities (2009: HK\$8,638,000) and HK\$8,197,000 from unlisted debt securities (2009: HK\$5,653,000).



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(6) NET FEES AND COMMISSION INCOME

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
Fees and commission income	162,372	109,395
Fees and commission expense	<u>(18,736)</u>	<u>(4,325)</u>
Net fees and commission income	<u>143,636</u>	<u>105,070</u>

For the first half of 2010, the fees and commission income and expense, other than amounts included in determining the effective interest rate, relating to financial assets or financial liabilities not at fair value through profit or loss were HK\$22,724,000 (2009: HK\$20,939,000) and HK\$863,000 (2009: HK\$1,141,000) respectively.

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

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
<b>Net trading income</b>		
Foreign exchange contracts	130,787	93,784
Interest rates contracts	(58,296)	39,445
Options	19,235	-
Currency swaps	125	-
Debt securities		
- Interest income		
- Listed	-	5,834
- Unlisted	2,645	8,074
- Net realised and unrealised gains / (losses)	<u>62</u>	<u>(2,636)</u>
	<u>94,558</u>	<u>144,501</u>
<b>Net gains from financial instruments designated at fair value through profit or loss</b>		
Listed debt securities		
- Interest income	42,943	25,409
- Net unrealised gains / (losses)	<u>44,368</u>	<u>(5,009)</u>
	<u>87,311</u>	<u>20,400</u>
	<u>181,869</u>	<u>164,901</u>

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(8) OTHER OPERATING INCOME

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
Dividend income from available-for-sale equity financial assets		
- Unlisted	2,733	2,708
- Listed	308	8
Others	<u>207</u>	<u>233</u>
	3,248	2,949
	=====	=====

(9) OPERATING EXPENSES

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
Staff costs		
- Salaries and other benefits	337,845	242,206
- Pension and provident fund costs	<u>20,928</u>	<u>15,653</u>
	358,773	257,859
	-----	-----
Premises and equipment expenses excluding depreciation		
- Rental of premises	104,896	81,723
- Others	<u>41,836</u>	<u>32,456</u>
	146,732	114,179
	-----	-----
Auditors' remuneration	2,200	1,018
Depreciation	35,156	29,304
Marketing and promotion expenses	52,080	31,043
Other operating expenses	<u>81,226</u>	<u>42,233</u>
	676,167	475,636
	=====	=====

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(10) LOAN IMPAIRMENT AND OTHER CREDIT RISK PROVISIONS RELEASED /  
(CHARGED)

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
Individually assessed impairment allowances charged	(63,984)	(19,602)
Collectively assessed impairment allowances released / (charged)	<u>100,083</u>	<u>(172)</u>
Impairment allowances released / (charged) on loans	36,099	(19,774)
Other credit risk provisions released	<u>331</u>	<u>-</u>
	36,430	(19,774)
	=====	=====
Include in the above impairment allowances on loans released / (charged) :		
- New and additional charges	(78,132)	(24,125)
- Releases	101,337	2,737
- Recoveries	<u>12,894</u>	<u>1,614</u>
	36,099	(19,774)
	=====	=====

(11) TAXATION

(a) Taxation in the consolidated statement of comprehensive income represents:

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
<b>Current tax – Hong Kong profits tax</b>		
Provision for the period	50,909	16,107
Under provision in respect of prior years	<u>-</u>	<u>5,558</u>
	50,909	21,665
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<b>Current tax – Overseas</b>		
Provision for the period	1,866	2,001
Under provision in respect of prior years	398	197
Withholding tax in the United States of America	335	-
Withholding tax in the People's Republic of China ("PRC")	<u>-</u>	<u>4,421</u>
	2,599	6,619
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(11) TAXATION (continued)

(a) Taxation in the consolidated statement of comprehensive income represents (continued):

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
<b>Deferred tax</b>		
Origination and reversal of temporary differences	22,161	848
	<u>75,669</u>	<u>29,132</u>

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

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
Profit before taxation	473,783	155,261
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	77,544	24,843
Income not subject to taxation	(2,968)	(2,178)
Expenses not deductible for taxation purposes	581	635
Under provision in prior years	398	5,755
Foreign withholding tax paid	335	4,421
Tax credit to be claimed on withholding tax charged in the PRC	-	(4,421)
Others	<u>(221)</u>	<u>77</u>
Actual tax expense	<u>75,669</u>	<u>29,132</u>

The provision for Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the period. Taxation for the Macau subsidiary is charged at the appropriate current rates of taxation ruling in Macau.

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**D. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS**

(12) OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	<u>6 months ended 30 Jun 2010</u>			<u>6 months ended 30 Jun 2009</u>		
	<i>Before-tax amount</i> HK\$'000	<i>Tax expenses</i> HK\$'000	<i>Net-of-tax amount</i> HK\$'000	<i>Before-tax amount</i> HK\$'000	<i>Tax expenses</i> HK\$'000	<i>Net-of-tax amount</i> HK\$'000
Available-for-sale financial assets: net movement in investment revaluation reserve	(11,529)	-	(11,529)	12,089	-	12,089
Cash flow hedge: net movement in hedging reserve	<u>(260)</u>	<u>(494)</u>	<u>(754)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income	<u>(11,789)</u>	<u>(494)</u>	<u>(12,283)</u>	<u>12,089</u>	<u>-</u>	<u>12,089</u>

(b) Reclassification adjustments relating to component of other comprehensive income

	6 months ended 30 Jun 2010 HK\$'000	6 months ended 30 Jun 2009 HK\$'000
Available-for-sale financial assets:		
- Changes in fair value recognised during the period	<u>(11,529)</u>	<u>12,089</u>
Net movement in the investment revaluation reserve during the period recognised in other comprehensive income	<u>(11,529)</u>	<u>12,089</u>
Cash flow hedges:		
- Effective portion of changes in fair value of hedging instruments recognised during the period	(657)	-
- Reclassification adjustments for amounts transferred to profit or loss:		
- interest expense (note 7)	1,404	-
- net trading gain	(1,007)	-
- Net deferred tax charged to other comprehensive Income	<u>(494)</u>	<u>-</u>
Net movement in the hedging reserve during the period recognised in other comprehensive income	<u>(754)</u>	<u>-</u>

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(13) CASH AND BALANCES WITH BANKS AND CENTRAL BANKS

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
Cash in hand	230,199	218,259
Balances with banks	942,380	992,809
Balances with central banks	3,397,525	3,166,037
Money at call and short notice with banks	<u>3,759,627</u>	<u>4,372,343</u>
	8,329,731	8,749,448
	=====	=====

(14) ADVANCES TO CUSTOMERS

(a) Advances to customers less impairment

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
Gross advances to customers	65,447,330	60,663,642
Dealers' commission and deferred fee income	<u>38,377</u>	<u>5,627</u>
	65,485,707	60,669,269
Less: Impairment allowances		
- Collectively assessed	(458,169)	(558,252)
- Individually assessed	<u>(66,198)</u>	<u>(66,749)</u>
Net advances to customers	64,961,340	60,044,268
	=====	=====
Included in advances to customers are:		
Trade bills	93,974	13,554
Less: Impairment allowances		
- Collectively assessed	<u>(100)</u>	<u>(96)</u>
	93,874	13,458
	=====	=====

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(14) ADVANCES TO CUSTOMERS (continued)

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

	30 Jun 2010		31 Dec 2009	
	HK\$'000	% of gross advances	HK\$'000	% of gross advances
Gross impaired advances	249,872	0.38	264,619	0.44
Individual impairment allowances	<u>(66,198)</u>		<u>(66,749)</u>	
	183,674		197,870	
	=====		=====	
Gross individually assessed impaired advances	98,197	0.15	109,749	0.18
Individual impairment allowances	<u>(66,198)</u>		<u>(66,749)</u>	
	31,999		43,000	
	=====		=====	
Net realisable value of collateral held against the impaired advances	21,630		37,675	
	=====		=====	

Impaired advances represent all loans recognised as classified loans for regulatory reporting purposes and are individually assessed loans 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 30 June 2010 and as at 31 December 2009, the Group's gross impaired advances of HK\$151,675,000 (2009: HK\$154,870,000) mainly comprised credit card advances and unsecured personal loans for which impairment allowances were collectively assessed.

As at 30 June 2010 and as at 31 December 2009, there were no impaired advances in respect of advances to banks.

(15) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 Jun 2010	31 Dec 2009
	HK\$'000	HK\$'000
Held for trading	152,887	550,574
Designated at fair value through profit or loss	<u>1,675,341</u>	<u>1,624,793</u>
	1,828,228	2,175,367
	=====	=====

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(15) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS  
 (continued)

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	
	30 June 2010 HK\$'000	31 Dec 2009 HK\$'000	30 June 2010 HK\$'000	31 Dec 2009 HK\$'000
Certificates of deposit issued by banks	-	363,196	-	-
Other debt securities issued by				
- Banks	152,887	187,378	1,077,507	1,027,569
- Corporate	-	-	597,834	597,224
	<u>152,887</u>	<u>550,574</u>	<u>1,675,341</u>	<u>1,624,793</u>
	=====	=====	=====	=====
Analysed by place of listing				
- Listed in Hong Kong	-	-	1,571,448	1,238,657
- Listed outside Hong Kong	-	-	103,893	386,136
- Unlisted	<u>152,887</u>	<u>550,574</u>	<u>-</u>	<u>-</u>
	<u>152,887</u>	<u>550,574</u>	<u>1,675,341</u>	<u>1,624,793</u>
	=====	=====	=====	=====

(16) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2010 HK\$'000	31 Dec 2009 HK\$'000
Treasury bills issued by central governments	1,593,665	337,703
Certificates of deposit issued by banks	3,275,928	2,726,966
Other debt securities issued by		
- Banks	36,587	32,669
- Corporate	<u>562,522</u>	<u>301,296</u>
	<u>5,468,702</u>	<u>3,398,634</u>
Equity shares issued by corporate		
- Listed outside Hong Kong	69,111	80,850
- Unlisted	<u>18,210</u>	<u>18,184</u>
	<u>87,321</u>	<u>99,034</u>
	=====	=====
	<u>5,556,023</u>	<u>3,497,668</u>
	=====	=====
Analysed by place of listing		
- Listed in Hong Kong	68,229	32,668
- Listed outside Hong Kong	368,935	150,539
- Unlisted	<u>5,118,859</u>	<u>3,314,461</u>
	<u>5,556,023</u>	<u>3,497,668</u>
	=====	=====



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(17) HELD-TO-MATURITY INVESTMENTS

	30 June 2010 HK\$'000	31 Dec 2009 HK\$'000
Exchange fund bills issued by central government - unlisted	524,919	349,997
	=====	=====

(18) 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 of 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 are maintained by the Group at the reporting date. The Group also uses derivatives, principally interest rate swaps, in the management of its own asset and liability portfolios and structural positions.

(a) Notional amounts of derivatives

	30 Jun 2010				31 Dec 2009			
	Managed in conjunction with financial instruments designated at fair value through profit or loss HK\$'000	Qualifying for hedge accounting HK\$'000	Held for trading HK\$'000	Total HK\$'000	Managed in conjunction with financial instruments designated at fair value through profit or loss HK\$'000	Qualifying for hedge accounting Hk\$'000	Held for trading HK\$'000	Total HK\$'000
Exchange rate contracts								
- Forwards	-	-	114,657,244	114,657,244	-	-	95,118,863	95,118,863
- Options purchased	-	-	1,277,985	1,277,985	-	-	1,271,759	1,271,759
- Options written	-	-	1,278,188	1,278,188	-	-	1,271,809	1,271,809
- Currency swaps	-	-	349,105	349,105	-	-	193,755	193,755
Interest rate swaps	1,556,910	-	5,500,842	7,057,752	1,551,020	150,000	1,243,759	2,944,779
Equity options purchased	-	-	199,550	199,550	-	-	204,567	204,567
Equity swaps	-	-	199,550	199,550	-	-	204,567	204,567
	1,556,910	-	123,462,464	125,019,374	1,551,020	150,000	99,509,079	101,210,099
	=====	=====	=====	=====	=====	=====	=====	=====

The notional amounts of these financial instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

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(18) 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.

	30 Jun 2010				31 Dec 2009			
	1 year or less HK\$'000	Over 1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000	1 year or less HK\$'000	Over 1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Exchange rate contracts								
- Forwards	114,626,106	31,138	-	114,657,244	95,103,353	15,510	-	95,118,863
- Options purchased	1,277,985	-	-	1,277,985	1,271,759	-	-	1,271,759
- Options written	1,278,188	-	-	1,278,188	1,271,809	-	-	1,271,809
- Currency swaps	349,105	-	-	349,105	193,755	-	-	193,755
Interest rate swaps	3,036,687	4,021,065	-	7,057,752	937,347	1,968,657	38,775	2,944,779
Equity options purchased	199,550	-	-	199,550	204,567	-	-	204,567
Equity swaps	199,550	-	-	199,550	204,567	-	-	204,567
	<u>120,967,171</u>	<u>4,052,203</u>	<u>-</u>	<u>125,019,374</u>	<u>99,187,157</u>	<u>1,984,167</u>	<u>38,775</u>	<u>101,210,099</u>

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

	30 Jun 2010			31 Dec 2009		
	Fair value assets HK\$'000	Fair value liabilities HK\$'000	Credit risk weighted amount HK\$'000	Fair value assets HK\$'000	Fair value liabilities HK\$'000	Credit risk weighted amount HK\$'000
Exchange rate contracts						
- Forwards	802,835	709,501	844,238	838,599	713,015	794,274
- Options purchased	5,582	-	-	5,514	-	-
- Options written	-	5,582	5,345	-	5,514	3,542
- Currency swaps	867	-	1,696	742	-	1,340
Interest rate swaps	10,584	63,261	7,816	13,030	22,456	9,882
Equity options purchased	6,289	408	-	2,065	242	2,968
Equity swaps	<u>408</u>	<u>6,289</u>	<u>3,133</u>	<u>242</u>	<u>2,065</u>	<u>-</u>
	<u>826,565</u>	<u>785,041</u>	<u>862,228</u>	<u>860,192</u>	<u>743,292</u>	<u>812,006</u>

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% (2009: 20% to 100%) for all derivatives.

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

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(18) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

The following is a summary of the fair value of derivatives held for cash flow hedges purpose:

	30 June 2010		31 Dec 2009	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	-	-	-	3,036
	=====	=====	=====	=====

Interest rate swaps were designated as hedges of certain future cash flows from bank borrowings and certificates of deposit issued.



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(20) DEPOSITS FROM CUSTOMERS

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
Demand deposits and current accounts	4,436,034	3,960,625
Saving deposits	12,044,791	11,980,269
Time and call deposits	38,381,014	36,581,951
Structured notes	151,050	169,699
Others	<u>51,561</u>	<u>61,180</u>
	55,064,450	52,753,724
	=====	=====

(21) CERTIFICATES OF DEPOSIT ISSUED

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
Issued at amortised cost	<u>6,383,275</u>	<u>5,439,729</u>
	=====	=====

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**D. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE STATEMENTS**

(22) CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Bank's individual components of equity between the beginning and the end of the period are set out below:

	Share capital \$'000	General reserve \$'000	Investment revaluation reserve \$'000	Regulatory reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000
At 1 January 2010	6,511,043	750,956	(3,251)	426,750	15,913	7,068,486	14,769,897
Regulatory reserve	-	-	-	48,907	-	(48,907)	-
Other comprehensive income:							
- change in fair value of available-for-sale financial assets	-	-	(218)	-	-	-	(218)
- net profit for the period	-	-	-	-	-	190,477	190,477
Total comprehensive income for the period	-	-	(218)	-	-	190,477	190,259
At 30 June 2010	6,511,043	750,956	(3,469)	475,657	15,913	7,210,056	14,960,156
At 1 January 2009	310,131	750,956	(22,531)	296,675	15,913	6,922,237	8,273,381
Issuance of shares	6,200,912	-	-	-	-	-	6,200,912
Regulatory reserve	-	-	-	130,075	-	(130,075)	-
Other comprehensive income:							
- change in fair value of available-for-sale financial assets	-	-	19,280	-	-	-	19,280
- net profit for the year	-	-	-	-	-	276,324	276,324
Total comprehensive income for the year	-	-	19,280	-	-	276,324	295,604
At 31 December 2009	6,511,043	750,956	(3,251)	426,750	15,913	7,068,486	14,769,897

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(22) CAPITAL AND RESERVES (continued)

(b) Share Capital

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
<b>Authorised</b>		
167,587,600 (2009: 167,587,600) ordinary shares of HK\$40 each	6,703,504 =====	6,703,504 =====
<b>Issued and fully paid</b>		
162,776,068 (2009: 162,776,068) ordinary shares of HK\$40 each	6,511,043 =====	6,511,043 =====

(c) Reserves

All reserves, except for general reserve, are not available for distribution. General reserve is appropriated from the retained profits for future use. It also includes a non-distributable regulatory reserve maintained in accordance with the banking regulations in Macau amounting to MOP101,900,000 (2009: MOP97,100,000).

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 Hong Kong Monetary Authority ("HKMA").

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(23) 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:

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
Direct credit substitutes	539,507	641,206
Transaction-related contingencies	71,110	73,670
Trade-related contingencies	680,955	537,743
Forward forward deposits placed	389,228	-
Other commitments:		
- which are unconditionally cancellable or automatically cancellable due to the deterioration in the credit worthiness of the borrower	26,207,301	25,392,364
- with an original maturity		
- under one year	669,071	483,412
- one year and over	-	-
	<u>28,557,172</u>	<u>27,128,395</u>
	=====	=====

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

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
Credit risk weighted amounts	876,670	687,688
	=====	=====

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 contract 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% (2009: 0% to 100%).



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**E. SUPPLEMENTARY FINANCIAL INFORMATION**

(1) OVERDUE AND RESCHEDULED ASSETS

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

	30 Jun 2010		31 Dec 2009	
	HK\$'000	% on total advances to customers	HK\$'000	% on total advances to customers
Six months or less but over three months	11,864	0.02	18,678	0.03
One year or less but over six months	1,130	0.00	52,152	0.09
Over one year	<u>62,949</u>	<u>0.10</u>	<u>11,061</u>	<u>0.02</u>
Total gross amount of advances overdue for more than three months	75,943	0.12	81,891	0.14
Individually assessed impairment allowances made in respect of the above overdue advances	36,832		37,444	
Net realisable value of collateral held against the overdue advances	3,508		4,860	
Covered portion of overdue advances	1,905		2,130	
Uncovered portion of overdue advances	<u>74,038</u>		<u>79,761</u>	
	<u>75,943</u>		<u>81,891</u>	

Collateral held with respect of overdue advances to customers is mainly residential, commercial and industrial properties.

As at 30 June 2010 and 31 December 2009, over 90% of the overdue advances to customers were made to customers located in Hong Kong.

As at 30 June 2010 and 31 December 2009, there were no overdue advances to banks.

(b) Rescheduled advances to customers:

	30 Jun 2010		31 Dec 2009	
	HK\$'000	% on total advances to customers	HK\$'000	% on total advances to customers
Rescheduled advances to customers	170,676	0.26	167,856	0.28
	<u>170,676</u>	<u>0.26</u>	<u>167,856</u>	<u>0.28</u>

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**E. SUPPLEMENTARY FINANCIAL INFORMATION**

(1) OVERDUE AND RESCHEDULED ASSETS (continued)

(b) Rescheduled advances to customers (continued):

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 Group. 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 2010 and 31 December 2009, there were no rescheduled advances to banks.

(c) Other overdue and rescheduled assets:

As at 30 June 2010 and 31 December 2009, there were no other overdue and rescheduled assets.

(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT

	30 Jun 2010	31 Dec 2009
Capital adequacy ratio	26.74%	30.14%
	=====	=====
Core capital adequacy ratio	26.74%	29.92%
	=====	=====

At 30 June 2010 and 31 December 2009, the capital adequacy ratio and core capital adequacy ratio were computed on a consolidated basis, including the Bank and its subsidiaries, CCBMCL and CCBAF, in accordance with the Banking (Capital) Rules. Deductions from total capital base include investments in certain subsidiaries, namely CCB Securities Limited and CCB Nominees Limited, which conduct non-banking related businesses, and their risk weighted assets have not been consolidated into 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 by using the Basic Indicator Approach.

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**E. SUPPLEMENTARY FINANCIAL INFORMATION**

(3) CAPITAL BASE AFTER DEDUCTIONS

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
<b>Core capital</b>		
Paid-up ordinary share capital	6,511,043	6,511,043
Published reserves	8,732,401	7,932,550
Profit and loss account	319,751	808,942
Deduct: Deferred tax assets	<u>(67,208)</u>	<u>(87,800)</u>
Total core capital before deductions	15,495,987	15,164,735
Less: Deductions from core capital	<u>(1,127,135)</u>	<u>(544,283)</u>
 Total core capital after deductions	 14,368,852	 14,620,452
	-----	-----
<b>Supplementary capital</b>		
Reserves attributable to fair value gains on revaluation of holding of available-for-sale equities and debt securities	2,361	22,003
Fair value gains arising from holdings of equities and debt securities designated at fair value through profit or loss	23,000	15,092
Regulatory reserve for general banking risks	496,610	445,170
Collectively assessed impairment allowances	<u>178,558</u>	<u>170,436</u>
Total supplementary capital before deductions	700,529	652,701
Less: Deductions from supplementary capital	<u>(700,529)</u>	<u>(544,284)</u>
 Total supplementary capital after deductions	 -	 108,417
	-----	-----
 Total capital base before deductions	 16,196,516	 15,817,436
Total deductions from total capital base	<u>(1,827,664)</u>	<u>(1,088,567)</u>
 Total capital base after deductions	 14,368,852	 14,728,869
	=====	=====

(4) LIQUIDITY RATIO

	For six-months period ended	
	30 June 2010	30 June 2009
Solo average liquidity ratio	44.57%	39.70%
	=====	=====
Consolidated average liquidity ratio	45.20%	N/A
	=====	=====

The solo average liquidity ratio was computed as the simple average of each calendar month's average liquidity ratio as reported on a single company basis for the period from January 2010 to June 2010. The consolidated average liquidity ratio was the average liquidity ratio as reported on a consolidated basis for 2010 only, because since December 2009, the Bank has computed the average liquidity ratio on a consolidated basis, including the Bank and its subsidiary, CCBAF which was acquired by the Bank on 30 October 2010, as required by the HKMA for its regulatory purposes, in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

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(5) GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

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

	30 Jun 2010		31 Dec 2009	
	Outstanding balance HK\$'000	% of advances covered by collateral	Outstanding balance HK\$'000	% of advances covered by collateral
Advances for use in Hong Kong:				
Industrial, commercial and financial				
- Property development	739,497	6.03	434,609	10.26
- Property investment	17,523,228	90.14	16,754,971	94.25
- Financial concerns	2,515,928	83.26	3,188,432	82.96
- Stockbrokers	163,699	62.31	119,858	65.91
- Wholesale and retail trade	4,179,578	90.11	2,980,151	88.20
- Manufacturing	1,832,314	51.85	2,074,326	52.28
- Transport and transport equipment	3,001,610	45.67	2,182,217	37.61
- Recreational activities	14,990	97.36	134,365	12.80
- Information technology	700,293	92.88	227,716	73.57
- Others	<u>7,385,754</u>	82.36	<u>4,810,583</u>	86.55
	38,056,891		32,907,228	
Individuals				
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	17,334	100.00	18,664	100.00
- Loans for the purchase of other residential properties	15,804,952	98.91	16,303,014	99.78
- Credit card advances	3,789,192	0.03	3,713,301	0.05
- Others	<u>3,322,085</u>	65.05	<u>3,667,659</u>	66.33
	22,933,563		23,702,638	
Trade finance	1,557,081	38.79	1,412,169	35.87
Advances for use outside Hong Kong	<u>2,899,795</u>	81.58	<u>2,641,607</u>	81.37
Total gross advances to customers	<u>65,447,330</u>		<u>60,663,642</u>	

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**E. SUPPLEMENTARY FINANCIAL INFORMATION**

(5) GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS (continued)

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

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
(1) Property investment		
- Impaired advances	-	-
- Overdue advances	-	-
- Individually assessed impairment allowances	-	-
- Collectively assessed impairment allowances	12,594	14,457
- New impairment allowances (released) / charged during the period / year	(1,863)	243
- Advances written-off during the period / year	-	-
(2) Individuals - loans for the purchase of other residential properties		
- Impaired advances	3,659	13,086
- Overdue advances	-	7,733
- Individually assessed impairment allowances	-	-
- Collectively assessed impairment allowances	143	558
- New impairment allowances released during the period / year	(415)	-
- Advances written-off during the period / year	-	-
(3) Others		
- Impaired advances	-	-
- Overdue advances	-	-
- Individually assessed impairment allowances	-	-
- Collectively assessed impairment allowances	9,078	9,202
- New impairment allowances (released) / charged during the period / year	(124)	4,533
- Advances written-off during the period / year	-	-

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(6) ADVANCES TO CUSTOMERS BY GEOGRAPHICAL AREAS

(i) Gross advances to customers by geographical areas:

	30 Jun 2010 HK\$'000	31 Dec 2009 HK\$'000
Hong Kong	51,070,235	50,439,796
China	11,557,015	7,298,433
Others	<u>2,820,080</u>	<u>2,925,413</u>
	65,447,330	60,663,642
	=====	=====

(ii) Impaired advances to customers by geographical areas

	30 Jun 2010		31 Dec 2009	
	Gross impaired advances HK\$'000	Individually assessed impairment allowances HK\$'000	Gross impaired advances HK\$'000	Individually assessed impairment allowances HK\$'000
Hong Kong	249,872	66,198	264,619	66,749
China	-	-	-	-
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	264,872	66,198	264,619	66,749
	=====	=====	=====	=====

More than 90% of the collective impairment allowances were allocated to Hong Kong at 30 June 2010 and 31 December 2009.

The geographical analysis has taken account of transfer of risk.

(7) REPOSSESSED ASSETS

The balance of repossessed assets as at 30 June 2010 was HK\$13,648,000 (31 December 2009: HK\$597,000).

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**E. SUPPLEMENTARY FINANCIAL INFORMATION**

**(8) 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. Only regions constituting 10% or more of the aggregate cross-border claims are disclosed:

	Banks HK\$'000	Others HK\$'000	Total HK\$'000
At 30 June 2010			
Asia Pacific excluding			
Hong Kong	13,617,084	13,783,426	27,400,510
- of which China	13,356,757	11,655,677	25,012,434
Europe	316,743	36,587	353,330
	=====	=====	=====
	Banks HK\$'000	Others HK\$'000	Total HK\$'000
At 31 December 2009			
Asia Pacific excluding			
Hong Kong	11,419,109	9,392,664	20,811,773
- of which China	10,566,955	7,412,841	17,979,796
Europe	877,825	36,072	913,897
	=====	=====	=====

The geographical analysis has taken account of transfer of risk.

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**E. SUPPLEMENTARY FINANCIAL INFORMATION**

(9) 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 HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000	Individually assessed impairment allowances HK\$'000
At 30 June 2010				
Mainland entities	1,200,260	131,019	1,331,279	-
Companies and individuals outside Mainland where the credit is granted for use in the Mainland	1,777,539	318,482	2,096,021	28,336
Other counterparties the exposure to whom are considered by the Bank to be non-bank	<u>368,139</u>	<u>12,624</u>	<u>380,763</u>	<u>-</u>
	<u>3,345,938</u>	<u>462,125</u>	<u>3,808,063</u>	<u>28,336</u>
	=====	=====	=====	=====
	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000	Individually assessed impairment allowances HK\$'000
At 31 December 2009				
Mainland entities	687,298	128,384	815,682	-
Companies and individuals outside Mainland where the credit is granted for use in the Mainland	1,591,003	483,387	2,074,390	28,462
Other counterparties the exposure to whom are considered by the Bank to be non-bank Mainland exposures	<u>277,077</u>	<u>30,354</u>	<u>307,431</u>	<u>-</u>
	<u>2,555,378</u>	<u>642,125</u>	<u>3,197,503</u>	<u>28,462</u>
	=====	=====	=====	=====



