

**Bank of Shanghai (Hong Kong) Limited**  
(formerly known as “China Construction  
Bank (Asia) Finance Limited”)

**2013 Interim Report**

**BANK OF SHANGHAI (HONG KONG) LIMITED  
(FORMERLY KNOWN AS “CHINA CONSTRUCTION BANK (ASIA) FINANCE LIMITED”)  
UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2013**

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**BANK OF SHANGHAI (HONG KONG) LIMITED**  
**(FORMERLY KNOWN AS “CHINA CONSTRUCTION BANK (ASIA) FINANCE LIMITED”)**  
**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS**  
**ENDED 30 JUNE 2013**

**A. STATEMENT OF COMPREHENSIVE INCOME**

	Note	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
Interest income		458	2,225
Interest expense		(9)	-
<b>Net interest income</b>	3	449	2,225
Net fees and commission income	4	203	-
Net trading loss	5	(10)	(2)
<b>Total operating income</b>		642	2,223
Operating expenses	6	(17,067)	(366)
<b>Operating (loss)/profit before impairment losses</b>		(16,425)	1,857
Loan impairment charges	7	(232)	-
<b>(Loss)/profit before taxation</b>		(16,657)	1,857
Taxation	8	(59)	(306)
<b>(Loss)/profit and total comprehensive income for the period</b>		(16,716)	1,551

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**B. STATEMENT OF FINANCIAL POSITION**

	Note	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
<b>Assets</b>			
Cash and balances with banks	10	17,848	193,373
Placements with banks	11	150,000	320,728
Loans and advances to customers	12	64,103	-
Fixed assets	13	15,066	-
Intangible assets		6,431	-
Current tax recoverable		3,419	3,479
Other assets		4,812	2,049
<b>Total assets</b>		<u>261,679</u>	<u>519,629</u>
<b>Liabilities</b>			
Deposits and balances of banks		30,335	-
Deposits from customers	14	19,000	-
Amount due to parent company		8,246	-
Other liabilities	15	21,116	-
<b>Total liabilities</b>		<u>78,697</u>	<u>-</u>
<b>Equity</b>			
Share capital	16	200,000	250,000
(Accumulated losses)/retained profits		(17,018)	269,629
<b>Total equity</b>		<u>182,982</u>	<u>519,629</u>
<b>Total equity and liabilities</b>		<u>261,679</u>	<u>519,629</u>

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**C. STATEMENT OF CHANGES IN EQUITY**

	Note	Share capital HK\$'000	(Accumulated losses)/ Retained profits HK\$'000	Total HK\$'000
<b>Balance at 1 January 2012</b>		250,000	1,467,192	1,717,192
<b>Changes in equity for the six months ended 30 June 2012:</b>				
Profit for the period		-	1,551	1,551
Total comprehensive income		-	1,551	1,551
Dividend paid	9	-	(1,200,000)	(1,200,000)
<b>Balance at 30 June 2012 and 1 July 2012</b>		250,000	268,743	518,743
<b>Changes in equity for the six months ended 31 December 2012:</b>				
Profit for the period		-	886	886
Total comprehensive income		-	886	886
<b>Balance at 31 December 2012 and 1 January 2013</b>		250,000	269,629	519,629
<b>Changes in equity for the six months ended 30 June 2013:</b>				
Loss for the period		-	(16,716)	(16,716)
Total comprehensive income		-	(16,716)	(16,716)
Share repurchase	16	(50,000)	-	(50,000)
Dividend paid	9	-	(269,931)	(269,931)
<b>Balance at 30 June 2013</b>		200,000	(17,018)	182,982

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**D. STATEMENT OF CASH FLOWS**

	Note	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
<b>Net cash (outflow)/inflow from operating activities</b>	17(a)	(22,053)	880,119
<b>Investing activities</b>			
Purchases of fixed assets		(4,269)	-
<b>Net cash outflow from investing activities</b>		(4,269)	-
<b>Financing activities</b>			
Dividend paid	9	(269,931)	(1,200,000)
Payment for share repurchase	16	(50,000)	-
<b>Net cash outflow from financing activities</b>		(319,931)	(1,200,000)
<b>Decrease in cash and cash equivalents</b>		(346,253)	(319,881)
<b>Cash and cash equivalents at 1 January</b>		514,101	513,110
<b>Cash and cash equivalents at 30 June</b>	17(b)	167,848	193,229

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

**(1) PRINCIPAL ACTIVITY AND BASIS OF PREPARATION**

On 30 May 2013, the controller of China Construction Bank (Asia) Finance Limited (“CCBAF”) was changed from China Construction Bank (Asia) Corporation Limited to Bank of Shanghai Co., Ltd. with the approval of the Hong Kong Monetary Authority (the “HKMA”). CCBAF has then changed its name to Bank of Shanghai (Hong Kong) Limited (“the Company”) and carried on its business as a restricted license bank under the Hong Kong Banking Ordinance. Its principal activity is to provide financial services to corporations and individuals.

Except as described below, the accounting policies and basis of preparation of these interim financial information disclosure statements are consistent with those used and described in the Company’s annual financial statements for the year ended 31 December 2012.

The Company has adopted the following new standards and amendments to standards which have insignificant or no effect on the interim financial information disclosure statements:

- Amendment to Hong Kong Accounting Standards (“HKAS”) 1 “Presentation of financial statements”
- Revised HKAS 19 “Employee benefits”
- HKAS 27 (2011) “Separate financial statements”
- HKAS 28 (2011) “Investment in associates and joint ventures”
- Amendment to Hong Kong Financial Reporting Standards (“HKFRS”) 7 “Financial instruments: Disclosures”
- HKFRS 10 “Consolidated financial statements”
- HKFRS 11 “Joint arrangements”
- HKFRS 12 “Disclosures of interests in other entities”
- Annual Improvements to HKFRSs 2009-2011 Cycle

During the period, the Company also adopted HKFRS 13, “Fair value measurements” which has the following impact on the financial statements:

- HKFRS 13 establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs with prospective application. It clarifies the definition of fair value as an exit price – a price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under the prevailing market conditions.
- HKFRS 13 also set out extensive disclosure requirements about fair value measurements. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Company has provided those disclosures in note (19). Comparative disclosures are not required in the first reporting period of adoption of the standards.

**(2) STATEMENT OF COMPLIANCE**

In preparing the unaudited interim financial information disclosure statements for the first half of 2013, the Company has fully complied with the disclosure provisions of the Banking (Disclosure) Rules.

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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
**STATEMENTS (CONTINUED)**

(3) NET INTEREST INCOME

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
<b>Interest income</b>		
Interest income arising from financial assets that are not measured at fair value through profit or loss		
- Balances and placements with banks	385	2,225
- Loans and advances to customers	73	-
	<u>458</u>	<u>2,225</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	(2)	-
- Deposits from customers	(7)	-
	<u>(9)</u>	<u>-</u>
	-----	-----
Net interest income	<u>449</u>	<u>2,225</u>
	=====	=====

There were no interest income accrued on impaired financial assets and on unwinding of discount on loan impairment allowances for the six months ended 30 June 2013 and 30 June 2012.

(4) NET FEES AND COMMISSION INCOME

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
Fees and commission income	205	-
Fees and commission expense	(2)	-
	<u>203</u>	<u>-</u>
	-----	-----
Net fees and commission income	<u>203</u>	<u>-</u>
	=====	=====

All net fees and commission income were arising from financial assets and financial liabilities that were not measured at fair value through profit or loss.

No net fees and commission income are arising from trust or other fiduciary activities where the Company holds or invests on behalf of its customers.



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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
**STATEMENTS (CONTINUED)**

(5) NET TRADING LOSS

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
Net foreign exchange loss	(10)	(2)
	<u>(10)</u>	<u>(2)</u>
	=====	=====

(6) OPERATING EXPENSES

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
Staff costs		
- Salaries and other benefits	5,916	-
- Pension and provident funds	543	-
	<u>6,459</u>	<u>-</u>
	-----	-----
Premises and equipment expenses excluding depreciation		
- Premises rents	1,960	-
- Others	303	-
	<u>2,263</u>	<u>-</u>
	-----	-----
Auditors' remuneration	245	-
Depreciation of fixed assets	379	-
Amortization of intangible assets	132	-
Legal and professional fees	3,830	6
IT and systems expenses	2,634	-
Other operating expenses	1,125	360
	<u>8,345</u>	<u>366</u>
	-----	-----
	<u>17,067</u>	<u>366</u>
	=====	=====

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**STATEMENTS (CONTINUED)**

(7) LOAN IMPAIRMENT CHARGES

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
Loan impairment charges	(232)	-
	=====	=====
<b>Representing:</b>		
New provision	(232)	-
Releases	-	-
Recoveries	-	-
	-----	-----
	(232)	-
	=====	=====

(8) TAXATION

Taxation in the statement of comprehensive income represents:

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
<b>Current tax</b>		
Hong Kong profits tax		
Provision for the period	59	306
	-----	-----
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
	-----	-----
	59	306
	=====	=====

The provision for Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period.

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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE  
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(9) DIVIDEND

Dividends approved and paid during the interim period

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
Interim dividend of HK\$13.49 per share (2012: HK\$48 per share)	269,931	1,200,000
	=====	=====

(10) CASH AND BALANCES WITH BANKS

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Balances with banks	17,848	193,373
	=====	=====

(11) PLACEMENTS WITH BANKS

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Placements with banks		
- maturing within one month	150,000	320,728
- maturing between one and twelve months	-	-
	-----	-----
	150,000	320,728
	=====	=====

There were no overdue, impaired or rescheduled placements with banks for the periods indicated.

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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
**STATEMENTS (CONTINUED)**

(12) LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Gross loans and advances to customers	64,335	-
Less: loan impairment allowances		
- individually assessed	-	-
- collectively assessed	(232)	-
	<u>64,103</u>	<u>-</u>
	=====	=====

There were no impaired loans and advances to customers as at 30 June 2013 and 31 December 2012.

(b) Loan impairment allowances against loans and advances to customers

	Individually assessed HK\$'000	Collectively assessed HK\$'000	Total HK\$'000
At 1 January 2012 and 31 December 2012	-	-	-
New impairment allowances charged to statement of comprehensive income	-	(232)	(232)
	<u>-</u>	<u>(232)</u>	<u>(232)</u>
At 30 June 2013	<u>-</u>	<u>(232)</u>	<u>(232)</u>
	=====	=====	=====

(c) Gross loans and advances to customers by industry sector

	<u>30 Jun 2013</u>		<u>31 Dec 2012</u>	
	HK\$'000	% of gross advances covered by collateral	HK\$'000	% of gross advances covered by collateral
<b>Gross loans and advances to customers for use in Hong Kong</b>				
Industrial, commercial and financial sectors				
- manufacturing	30,000	10.0	-	-
- wholesale and retail trade	4,000	100.0	-	-
	<u>34,000</u>	<u>20.6</u>	<u>-</u>	<u>-</u>
Trade finance	-	-	-	-
Gross loans and advances for use outside Hong Kong	30,335	-	-	-
	<u>64,335</u>	<u>10.9</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE  
STATEMENTS (CONTINUED)**

(12) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Segmental analysis of loans and advances to customers by geographical area

Loans and advances to customers by geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when a loan is guaranteed by a party located in an area that is different from that of the counterparty.

	Gross loans and advances	Individually impaired loans and advances	Overdue loans and advances	Individually assessed allowances	Collectively assessed allowances
At 30 June 2013					
Hong Kong	34,000	-	-	-	(123)
Rest of Asia-Pacific	30,335	-	-	-	(109)
	<u>64,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232)</u>
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
**STATEMENTS (CONTINUED)**

(13) FIXED ASSETS

Details of movement of fixed assets are as follows:

	Leasehold improvements HK\$'000	Furniture, computer and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost:</b>				
At 1 January 2012 and 31 December 2012	-	-	-	-
Additions	5,571	8,867	1,007	15,445
Disposals	-	-	-	-
At 30 June 2013	<u>5,571</u>	<u>8,867</u>	<u>1,007</u>	<u>15,445</u>
<b>Accumulated depreciation:</b>				
At 1 January 2012 and 31 December 2012	-	-	-	-
Charge for the period	(169)	(189)	(21)	(379)
Disposals	-	-	-	-
At 30 June 2013	<u>(169)</u>	<u>(189)</u>	<u>(21)</u>	<u>(379)</u>
<b>Net book value:</b>				
At 30 June 2013	<u>5,402</u>	<u>8,678</u>	<u>986</u>	<u>15,066</u>
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(14) DEPOSITS FROM CUSTOMERS

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Deposits from customers		
- time, call and notice deposits	<u>19,000</u>	<u>-</u>
	<u>19,000</u>	<u>-</u>

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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
**STATEMENTS (CONTINUED)**

(15) OTHER LIABILITIES

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Interest payable	9	-
Accrued expenses	18,621	-
Creditors and other payables	2,486	-
	<u>21,116</u>	<u>-</u>
	=====	=====

(16) EQUITY

(a) Share Capital

	<u>2013</u>		<u>2012</u>	
	No of shares '000	HK\$'000	No of shares '000	HK\$'000
<b>Authorised</b>				
Ordinary shares of HK\$10 each	50,000	500,000	50,000	500,000
	=====	=====	=====	=====
<b>Issued and fully paid</b>				
At 1 January	25,000	250,000	25,000	250,000
Share repurchase	(5,000)	(50,000)	-	-
	<u>20,000</u>	<u>200,000</u>	<u>25,000</u>	<u>250,000</u>
At 30 June 2013 / 31 December 2012	20,000	200,000	25,000	250,000
	=====	=====	=====	=====

In 2013, the Company repurchased 5,000,000 shares at par pursuant to the special resolution passed by the shareholder.

(b) Nature and purpose of reserves

(i) Retained profits / accumulated losses

The Company is required to maintain minimum capital adequacy ratio set by the HKMA. The aforesaid minimum capital requirement may therefore potentially restricts the amount of retained profits available for distribution to the shareholders.

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**E. NOTES TO INTERIM FINANCIAL INFORMATION DISCLOSURE**  
**STATEMENTS (CONTINUED)**

(17) NOTES TO STATEMENT OF CASH FLOWS

- (a) Reconciliation of (loss)/profit before taxation to net cash (outflow)/inflow from the operating activities

	6 months ended 30 Jun 2013 HK\$'000	6 months ended 30 Jun 2012 HK\$'000
(Loss)/profit before taxation	(16,657)	1,857
Adjustments for:		
- Interest income	(458)	(2,225)
- Interest expense	9	-
- Depreciation	379	-
- Amortisation	132	-
- Impairment allowances	232	-
- Interest received	423	4,007
	<hr/>	<hr/>
<b>Operating (loss)/profit before changes in working capital</b>	<b>(15,940)</b>	<b>3,639</b>
Change in balances and placements with banks with original maturity beyond three months	-	880,907
Change in gross loans and advances to customers	(64,557)	-
Change in other assets	(2,727)	256
Change in deposits from banks	30,498	-
Change in deposits from customers	19,000	-
Change in amount due to parent company	8,246	-
Change in other liabilities	3,368	(2,823)
Elimination of exchange differences and other non-cash items	59	-
	<hr/>	<hr/>
<b>Cash (used in)/generated from operating activities</b>	<b>(22,053)</b>	<b>881,979</b>
Hong Kong profits tax paid	-	(1,860)
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(22,053)</b>	<b>880,119</b>
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STATEMENTS (CONTINUED)**

(17) NOTES TO STATEMENT OF CASH FLOWS (CONTINUED)

(b) Cash and cash equivalents in the statement of cash flows

	30 Jun 2013 HK\$'000	30 Jun 2012 HK\$'000
Cash and balances with banks	17,848	193,229
Placements with banks with original maturity within three months	150,000	-
	<u>167,848</u>	<u>193,229</u>

(c) Reconciliation with the statement of financial position

	30 Jun 2013 HK\$'000	30 Jun 2012 HK\$'000
Cash and balances with banks	17,848	193,229
Placements with banks	150,000	320,000
	<u>167,848</u>	<u>513,229</u>
Amounts shown in the statement of financial position	167,848	513,229
Less: Placements with banks with an original maturity beyond three months	-	(320,000)
	<u>167,848</u>	<u>193,229</u>

(18) CONTINGENT LIABILITIES AND COMMITMENTS

	Contract amounts HK\$'000	Credit equivalent amounts HK\$'000	Risk- weighted amounts HK\$'000
<b>At 30 June 2013</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend:			
- unconditionally cancellable	24,000	-	-
	<u>24,000</u>	<u>-</u>	<u>-</u>

The Company had no contingent liabilities or commitments as at 31 December 2012.

(19) FAIR VALUE OF FINANCIAL INSTRUMENT

The carrying amounts of the Company's financial instruments at amortised cost were not materially different from their fair values as at 30 June 2013 and 31 December 2012.

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**F. SUPPLEMENTARY FINANCIAL INFORMATION**

(1) OVERDUE AND RESCHEDULED ASSETS

As at 30 June 2013 and 31 December 2012, the Company had no overdue and rescheduled assets.

(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT

The Banking (Capital) (Amendment) Rules 2012, effective from 1 January 2013, stipulates the first phase of Basel III requirements to be applied in Hong Kong. This has changed the minimum capital ratio requirement as well as the definition of regulatory capital. Therefore, the capital disclosures as of 30 June 2013 may not be equitably comparable with the disclosures as of 31 December 2012, and certain comparative figures are not provided in this report.

(a) Capital ratio

The capital ratios as of 30 June 2013 are as follows:

	30 Jun 2013
CET1 capital ratio	28.7%
Tier 1 capital ratio	28.7%
Total capital ratio	28.8%

The capital adequacy ratios as of 31 December 2012 are as follows:

	31 Dec 2012
Capital adequacy ratio	20.5%
Core capital adequacy ratio	20.5%

In calculating the risk-weighted assets, the Company has adopted the Standardised (Credit Risk) Approach on credit risk. For operational risk, the capital requirement is determined by using the Basic Indicator Approach. The Company is exempted under Section 22(1) of the Banking (Capital) Rules from calculation of market risk in capital adequacy assessment.

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**F. SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)**

(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT (CONTINUED)

(b) Capital structure

The capital base after all required deductions for calculation of capital adequacy ratio purpose as of 30 June 2013 is shown below:

	30 Jun 2013 HK\$'000
<b>Common Equity Tier 1 ("CET1") Capital</b>	
Shareholder's equity	182,982
Regulatory deductions from CET1 capital	
- Intangible assets	(6,431)
- Other credit exposures to connected company that is financial sector entity	(30,335)
<b>Total CET1 Capital</b>	<u>146,216</u>
<b>Additional Tier 1 ("AT1") Capital</b>	
Total AT1 capital before regulatory deductions	-
Regulatory deductions from AT1 capital	-
Total AT1 Capital	<u>-</u>
<b>Total Tier 1 ("T1") Capital</b>	<u>146,216</u>
<b>Tier 2 ("T2") Capital</b>	
Total T2 capital before regulatory deductions	
- Collective provisions	232
Regulatory deductions from T2 capital	-
Total T2 capital	<u>232</u>
<b>Total Capital</b>	<u>146,448</u>

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**F. SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)**

**(2) CAPITAL ADEQUACY RATIO AND CAPITAL MANAGEMENT (CONTINUED)**

**(b) Capital structure (continued)**

The capital base after all required deductions for calculation of capital adequacy ratios reported to HKMA as of 31 December 2012 is shown below:

	31 Dec 2012 HK\$'000
<b>Core capital</b>	
Paid-up ordinary share capital	250,000
Published reserves	267,192
Profit and loss account	2,437
	<hr/>
Total core capital before deductions	519,629
Less: Deductions from core capital	(379,467)
	<hr/>
Total core capital after deductions	140,162
	-----
<b>Supplementary capital</b>	
Total supplementary capital after deductions	-
	<hr/>
Total capital base before deductions	519,629
Total deductions from total capital base	(379,467)
	<hr/>
Total capital base after deductions	<u>140,162</u>

**(c) Additional capital disclosures**

The following items are included in the “Regulatory Disclosure” section in our website at [www.bankofshanghai.com.hk](http://www.bankofshanghai.com.hk) :

- A detailed breakdown of the Company’s CET1 capital, AT1 capital, T2 capital and regulatory deductions, using the standard template as specified by the HKMA.
- A full reconciliation between the Company’s CET1 capital, AT1 capital, T2 capital and regulatory deductions and the Company’s balance sheet in this interim financial information disclosure statement.
- A description of the main features and the full terms and conditions of the Company’s capital instruments.

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**F. SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)**

(3) LIQUIDITY RATIO

	30 Jun 2013	30 Jun 2012
Average liquidity ratio for the six-month period ended 30 June	8,334,116.7%	3,369,619.3%
	=====	=====

The average liquidity ratio for the six-month period represented the simple average of each calendar month’s average liquidity ratio, which was computed on a “single company” basis as required by the HKMA for regulatory reporting purposes and was in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

(4) CROSS-BORDER CLAIMS

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

	30 Jun 2013 HK\$’000	31 Dec 2012 HK\$’000
<i>Claims on banks</i>		
Asia Pacific excluding Hong Kong		
– China	30,335	-
	=====	=====
	30,335	-
	=====	=====

The geographical analysis has taken into account the transfer of risk.

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**F. SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)**

(5) NON-BANK MAINLAND EXPOSURES

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the types of direct exposures defined by the HKMA under the Disclosure Rules with reference to the HKMA return in respect of non-bank Mainland China exposures.

	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
<b>At 30 June 2013</b>			
Mainland China entities	30,335	-	30,335
	<u>30,335</u>	<u>-</u>	<u>30,335</u>
	<u><u>30,335</u></u>	<u><u>-</u></u>	<u><u>30,335</u></u>

As at 31 December 2012, there was no non-bank Mainland China exposures.

(6) CURRENCY CONCENTRATIONS

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

	Total HK\$'000	Of which		
		USD \$'000 HK\$ equivalent	EUR \$'000 HK\$ equivalent	GBP \$'000 HK\$ equivalent
<b>At 30 June 2013</b>				
Spot assets	34,998	2,707	31,500	791
Spot liabilities	(33,834)	(2,296)	(31,338)	(200)
	<u>1,164</u>	<u>411</u>	<u>162</u>	<u>591</u>
Net long non-structural position	<u><u>1,164</u></u>	<u><u>411</u></u>	<u><u>162</u></u>	<u><u>591</u></u>

	Total HK\$'000	Of which	
		USD \$'000 HK\$ equivalent	Others \$'000 HK\$ equivalent
<b>At 31 December 2012</b>			
Spot assets	1,300	1,182	118
	<u>1,300</u>	<u>1,182</u>	<u>118</u>

As at 30 June 2013 and 31 December 2012, there was no net structural position.

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**F. SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)**

(7) ANALYSIS OF GROSS AND ADVANCES TO CUSTOMERS BASED ON INTERNAL CLASSIFICATION USED BY THE COMPANY

Gross advances, impaired advances, individually assessed and collectively assessed loan impairment allowances in respect of industry sectors which constitute not less than 10 per cent of gross loans and advances to customers are shown as follows:

	Gross loans and advances HK\$'000	Impaired loans and advances HK\$'000	Individually assessed allowances HK\$'000	Collectively assessed allowances HK\$'000
<b>At 30 June 2013</b>				
Industrial, commercial and financial sectors				
- manufacturing	30,000	-	-	(108)
Financial concerns				
- investment companies	30,335	-	-	(109)
	=====	=====	=====	=====