

FOR IMMEDIATE RELEASE



China Construction Bank (Asia) Announces Consolidated Net Profit after Tax of HKD3,268 Million for 2017

Hong Kong – April 23, 2018 – China Construction Bank (Asia) Corporation Limited ["CCB (Asia)"] today announced its consolidated net profit after tax to reach HKD3,268 million for the year ended December 31, 2017, an increase of HKD225 million or 7.4%, as compared with 2016. Set out below are the highlights:

Total operating income of CCB (Asia) for the year of 2017 amounted to HKD7,408 million, an increase of 11.6% as compared with that of 2016. Net interest income of HKD5,004 million in 2017 after inclusion of the hedging FX and interest rate swaps income of HKD59 million, increased by 4.1% as compared with 2016. Non-interest income after excluding the aforesaid hedging income was HKD2,404 million, representing an increase of 31.2% as compared with 2016, mainly attributable to the rise in net trading income of HKD381 million and net fees and commission income of HKD239 million.

Total operating expenses rose by 3.7% to HKD3,076 million and the cost-to-income ratio dropped by 3.2 percentage points to 41.5%.

In 2017, the amount of impairment allowance charges was HKD367 million, representing an increase of HKD216 million against 2016. It was mainly due to a loan growth of HKD54.9 billion, leading to an increase in collective impairment charge for HKD166 million.

Taxation expenses increased by 21.4% to HKD669 million, which was mainly due to fewer Hong Kong tax-deductible expenses incurred.

Total consolidated assets as at December 31, 2017 stood at HKD521.0 billion, recording a slight increase of 1.8% from HKD511.8 billion at the end of 2016. Advances to customers and trade bills expanded by 23.4% to HKD288.0 billion, prominently contributed by the growth of commercial loans by 35.0% under effective marketing strategies. Held-to-maturity investments decreased by 35.2% to HKD17.5 billion and available-for-sale financial assets slightly increased by 2.7% to HKD98.9 billion when compared with the end of 2016 in view of diminishing investment opportunities. With effective liquidity management, cash and balances with banks and central banks, as well as placements with banks reduced by 24.2% to HKD99.9 billion when compared with the end of 2016.

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Deposits from customers stepped up by 9.7% to HKD353.3 billion as compared with the end of 2016, which was mainly driven by increase in time and call deposits. Correspondingly, the Bank lowered its deposits from other banks by 15.2% to HKD73.2 billion and certificates of deposit and other debt securities issued by 53.1% to HKD14.9 billion.

On December 29, 2017, CCB (Asia) issued HKD7.8 billion equivalent USD Undated Non-cumulative Subordinated Additional Tier 1 securities in order to strengthen its capital level.

As at December 31, 2017, CCB (Asia)'s Common Equity Tier 1 and Tier 1 Capital Ratios were 13.2% and 15.4% respectively, while the Total Capital Ratio was 17.8%. The average liquidity coverage ratio for 2017 was 149.5%. All these ratios were maintained at sound levels and above the regulatory requirements.

For details of the 2017 financial statements, please visit any of CCB (Asia)'s branches or the Bank's website at www.asia.ccb.com.

About China Construction Bank (Asia) Corporation Limited

China Construction Bank (Asia) Corporation Limited ["CCB (Asia)"] is the comprehensive and integrated commercial banking business platform of China Construction Bank Corporation in Hong Kong. Currently, CCB (Asia) has over 50 outlets in Hong Kong and offers a wide array of banking products and services to customers, including consumer banking services, commercial banking services, corporate banking services, private banking services, treasury business and cross-border financial services, etc.

For more information about CCB (Asia), please visit www.asia.ccb.com.

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CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	2017	2016
Interest income	10,926,271	9,459,910
Interest expense	<u>(5,981,104)</u>	<u>(4,985,144)</u>
Net interest income	4,945,167	4,474,766
Net fees and commission income	1,444,616	1,204,956
Net trading income	853,510	744,668
Net gains from financial instruments designated at fair value through profit or loss	17,672	12,673
Net gains from disposal of available-for-sale financial instruments	76,646	145,288
Other operating income	<u>70,620</u>	<u>57,532</u>
Total operating income	7,408,231	6,639,883
Operating expenses	<u>(3,075,969)</u>	<u>(2,964,771)</u>
Operating profit before impairment losses	4,332,262	3,675,112
Impairment allowances charged on advances to customers and trade bills	(368,316)	(138,822)
Impairment allowances released/(charged) to repossessed assets	1,636	(3,684)
Impairment allowances charged to held-to-maturity investments	<u>(319)</u>	<u>(8,739)</u>
Operating profit	3,965,263	3,523,867
Gain on disposal of fixed assets	42	10
Share of (losses)/profits of an associate	(85,371)	19,369
Share of profits of a jointly venture	<u>57,209</u>	<u>50,547</u>
Profit before taxation	3,937,143	3,593,793
Taxation	<u>(668,993)</u>	<u>(550,746)</u>
Profit for the year	3,268,150	3,043,047
Other comprehensive losses for the year net of tax		
Items that may be reclassified subsequently to profit or loss:		
Net movement in investment revaluation reserve	<u>(261,677)</u>	<u>(377,056)</u>
Total comprehensive income for the year	<u>3,006,473</u>	<u>2,665,991</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

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

	2017	2016
ASSETS		
Cash and balances with banks and central banks	81,673,241	95,598,680
Placements with banks	17,997,303	36,216,806
Advances to banks	262,498	-
Advances to customers and trade bills	288,009,874	233,296,079
Available-for-sale financial assets	98,956,057	96,261,129
Held-to-maturity investments	17,458,857	26,998,299
Derivative financial instruments	6,788,337	7,734,551
Interest in a joint venture	2,044,996	1,987,787
Interest in an associate	199,912	285,283
Deferred tax assets	234,912	139,680
Fixed assets	3,325,095	3,467,344
Other assets	4,073,631	9,781,150
Total assets	521,024,713	511,766,788
LIABILITIES		
Deposits and balances of banks	73,223,622	86,320,785
Deposits from customers	353,269,333	322,222,569
Certificates of deposit and other debt securities issued	14,917,044	31,822,975
Derivative financial instruments	6,563,076	7,633,715
Current tax payable	167,208	66,744
Deferred tax liabilities	20,902	19,399
Other liabilities	7,733,982	9,408,265
Subordinated debts	5,812,111	5,773,574
Total liabilities	461,707,278	463,268,026
EQUITY		
Share capital	28,827,843	28,827,843
Other equity instruments	7,812,200	-
Reserves	22,677,392	19,670,919
Total equity	59,317,435	48,498,762
Total equity and liabilities	521,024,713	511,766,788

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1 Basis of preparation

The Group uses the calendar year as the accounting year, which is from January 1 to December 31.

Going concern

These financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

Basis of measurement

These financial statements have been prepared on the historical cost basis except that: (i) financial instruments at fair value through profit or loss are measured at fair value; (ii) derivative financial instruments are measured at fair value; (iii) available-for-sale financial assets are measured at fair value; (iv) financial instruments designated under fair value hedge; (v) certain non-financial assets are measured at designated cost.

Functional and presentation currency

These financial statements are presented in Hong Kong Dollars, unless otherwise stated, rounded to the nearest thousand, which is the functional currency of the Group.

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1 Basis of preparation (Continued)

Local regulatory reporting

In preparing the capital adequacy ratios 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 Nominees 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	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
CCBS	Securities brokerage business	898,539	770,317	602,879	604,272
CCBN	Custodian and nominee services	39,029	39,054	38,972	38,998
CCBT	Trustee and custodian business	66,489	28,378	21,313	4,002

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2 Advances to customers and trade bills

(a) Advances to customers and trade bills less impairment

	2017	2016
Advances to customers less impairment		
Gross advances to customers	288,027,512	233,320,859
Dealers' commission and deferred fee income	(172,801)	(120,588)
	287,854,711	233,200,271
Less: Impairment allowances		
collectively assessed	(925,424)	(840,574)
individually assessed	(226,147)	(142,928)
Net advances to customers	286,703,140	232,216,769
Trade bills less impairment		
Trade bills	1,470,733	1,154,515
Less: Impairment allowances		
collectively assessed	(23,867)	(1,271)
individually assessed	(140,132)	(73,934)
Net trade bills	1,306,734	1,079,310
Net advances to customers and trade bills	288,009,874	233,296,079

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2 Advances to customers and trade bills (Continued)

(b) Gross advances to customers by industry sectors

Analysis of gross advances to customers covered by collateral is as follows:

	2017		2016	
	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	16,993,073	11.31	21,386,558	27.71
Property investment	34,511,542	81.09	35,285,941	83.41
Financial concerns	44,486,011	50.78	22,009,514	58.74
Stockbrokers	405,719	92.61	576,828	93.07
Wholesale and retail trade	8,283,535	65.81	9,727,231	51.37
Manufacturing	4,317,801	34.47	6,383,453	42.59
Transport and transport equipment	11,153,593	62.11	10,468,148	66.18
Recreational activities	351,368	7.80	22,032	67.17
Information technology	3,114,372	25.26	2,960,092	27.35
Others	11,921,817	55.58	10,830,382	54.43
	<u>135,538,831</u>		<u>119,650,179</u>	
Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	4,420	100.00	5,611	100.00
Loans for the purchase of other residential properties	15,087,680	99.29	14,835,673	99.52
Credit card advances	4,878,873	0.00	5,546,251	0.00
Others	20,619,908	26.64	21,131,880	28.28
	<u>40,590,881</u>		<u>41,519,415</u>	
Trade finance	<u>4,354,428</u>	46.77	<u>3,602,599</u>	55.68
Advances for use outside Hong Kong	<u>107,543,372</u>	47.53	<u>68,548,666</u>	49.93
Gross advances to customers	<u>288,027,512</u>	51.32	<u>233,320,859</u>	54.50

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2 Advances to customers and trade bills (Continued)

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

	<u>2017</u>	<u>% on total advances to customers</u>	<u>2016</u>	<u>% on total advances to customers</u>
Six months or less but over three months	23,793	0.01	33,753	0.01
One year or less but over six months	2,987	-	38,072	0.02
Over one year	123,582	0.04	88,459	0.04
Total gross amount of advances overdue for more than three months	150,362	0.05	160,284	0.07
Individually assessed impairment allowances made in respect of the above overdue advances	127,180		125,436	
Net realisable value of collateral held against the overdue advances	29,648		23,371	
Covered portion of overdue advances	8,536		12,102	
Uncovered portion of overdue advances	141,826		148,182	
	150,362		160,284	

Collaterals held with respect of overdue advances to customers are automobiles and residential properties.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2 Advances to customers and trade bills (Continued)

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

	2017		2016	
		% on total trade bills		% on total trade bills
Six months or less but over three months	-	-	-	-
One year or less but over six months	-	-	-	-
Over one year	140,132	9.53	139,053	12.04
Total gross amount of trade bills overdue for more than three months	140,132	9.53	139,053	12.04
Individually assessed impairment allowances made in respect of the above overdue trade bills	140,132		73,934	
Net realisable value of collateral held against the overdue trade bills	-		-	
Covered portion of overdue trade bills	-		-	
Uncovered portion of overdue trade bills	140,132		139,053	
	140,132		139,053	

As at December 31, 2017 and 2016, there were no overdue advances to banks.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2 Advances to customers and trade bills (Continued)

(e) Rescheduled advances to customers

	2017		2016	
		% on total advances to customers		% on total advances to customers
Rescheduled advances to customers	59,153	0.02	70,730	0.03

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 December 31, 2017 and 2016, there were no rescheduled advances to banks and trade bills.

3 Average liquidity coverage ratio (“LCR”)

		2017	2016
		%	%
Average liquidity coverage ratio	– First quarter	116.8	125.2
	– Second quarter	122.8	116.2
	– Third quarter	138.3	118.7
	– Fourth quarter	187.5	123.6

The average LCR for each quarter is based on the arithmetic mean of its LCR as at the end of each working day for each quarter for the Bank as required by the Hong Kong Monetary Authority (“HKMA”) for its regulatory purposes.

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

The LCR of the Bank was maintained at a steady level throughout 2017. In preparation for the implementation of Net Stable Funding Ratio (“NSFR”) in 2018, the Bank stepped up the efforts in optimizing its asset and liability structure in 2017. The LCR was also uplifted in this rebalancing process in terms of lower net cash outflows.

The Bank’s High Quality Liquidity Assets (“HQLA”) consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, mainland policy banks and non-financial corporate debt securities. The Bank continues to purchase securities issued by other sovereign or central bank entities so as to diversify the composition of its HQLA and to enhance the LCRs of individual currencies.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3 Average liquidity coverage ratio (“LCR”) (Continued)

The currency mismatch between the HQLA and the net cash outflow in the calculation of LCR is controlled and monitored via individual currency LCR limits. The HQLA mix is further governed by concentration caps and limits in accordance with statutory requirements and internal policy requirements for risk management purposes.

The Bank’s primary sources of funds are retail and corporate customer deposits, supplemented by wholesale funding such as issuance of certificates of deposit, debts instruments and short-term interbank money market borrowings.

The Bank closely monitors all its exchange traded and over-the-counter derivative exposures arising from customer transactions and the corresponding hedging activities with counterparties. Collateral may be required to be posted to counterparties depending on the marked-to-market position of the derivative contracts. Nonetheless, such exposures are not material and hence the impact of the relevant cash outflows was minimal to the LCR levels.

4 Capital adequacy ratio and capital management

(a) Capital adequacy ratio

	<u>Group</u>	
	2017	2016
Common Equity Tier 1 capital ratio	13.2%	14.0%
Tier 1 capital ratio	15.4%	14.0%
Total capital ratio	17.8%	16.8%

Capital adequacy ratios were compiled in accordance with the Banking (Capital) Rules (“the Capital Rules”) issued by the HKMA. The ratios as of December 31, 2017 and 2016 were in compliance with the amended Capital Rules effective from January 1, 2013 for the implementation of the “Basel III” capital accord.

The capital adequacy ratio (“CAR”) was computed on a consolidated basis, including the Bank and its subsidiaries, CCB Hong Kong Property Management Company Limited and all of its subsidiaries (“CCBP Group”), and CCB (Asia) Insurance Broker Limited.

In accordance with the thresholds as determined in Part 3 of the Capital Rules, the Bank’s shareholdings 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.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

4 Capital adequacy ratio and capital management (Continued)

(b) Leverage ratio

The Group is required under section 45A(6) of the Banking (Disclosure) Rules to disclose its leverage ratio calculated on a consolidated basis effective from March 31, 2015.

	2017	2016
Leverage ratio	<u>10.32%</u>	<u>8.53%</u>

Detailed breakdown of the Group's leverage exposure measure and a summary of comparison table reconciling the assets of the Group's accounting balance sheet with the leverage exposure measure using the standard templates as specified by the HKMA can be viewed in the Financial Results section of our website: <http://www.asia.ccb.com/hongkong>.

(c) Capital Buffer Ratio

With effect from January 1, 2016, the following capital buffers are phased-in and the applicable ratios to the Group on a consolidated basis are as follows:

	2017	2016
Capital conservation buffer ratio	1.250%	0.625%
Countercyclical capital buffer ("CCyB") ratio	0.940%	0.505%
	<u>2.190%</u>	<u>1.130%</u>

The geographical breakdown of risk weighted assets in relation to private sector credit exposures and the applicable CCyB ratio for each jurisdiction using the standard template as specified by the HKMA are published on the Bank's website <http://www.asia.ccb.com/hongkong>.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5 Segmental information

(a) Reportable segments

The Group manages its businesses by divisions, which are organized 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 four reportable segments.

(i) Corporate and institutional banking

This segment mainly represents the provision of a range of financial products and services to corporations and financial institutions. The products and services mainly include commercial loans, syndicated loans, trade financing, foreign exchange and deposit-taking activities.

(ii) Consumer and commercial banking

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

(iii) Treasury

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. The Treasury 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 and investments in premises and other unallocated units.

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.

The primary revenue stream of the Group is derived from net interest income and the executive management relies to a large extent on net interest income in managing its business. Hence, net interest income for all reportable segments are presented under segmental information.

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5 Segmental information (Continued)

(a) Reportable segments (Continued)

	2017					Total
	Corporate and Institutional Banking	Consumer and Commercial Banking	Treasury	Others	Inter-segment elimination	
Net interest income	1,636,477	2,771,559	(18,089)	555,220	-	4,945,167
Total operating income						
– External	2,998,355	585,483	3,435,575	388,818	-	7,408,231
– Inter-segment	(1,117,843)	3,069,360	(2,755,378)	803,861	-	-
Total operating income	1,880,512	3,654,843	680,197	1,192,679	-	7,408,231
Depreciation and amortization	(33,127)	(178,679)	(10,844)	(74,960)	-	(297,610)
Total operating expenses	(391,991)	(1,937,351)	(138,225)	(608,402)	-	(3,075,969)
Operating profit before impairment losses	1,488,521	1,717,492	541,972	584,277	-	4,332,262
Release of /(charge on) impairment	(257,694)	(109,971)	666	-	-	(366,999)
Non-operating profit	-	-	-	(28,120)	-	(28,120)
Profit before taxation	1,230,827	1,607,521	542,638	556,157	-	3,937,143
Total assets	205,216,356	97,109,961	211,615,947	7,797,733	(715,284)	521,024,713
Total liabilities	93,980,675	267,349,598	96,733,715	4,358,574	(715,284)	461,707,278

	2016					Total
	Corporate and Institutional Banking	Consumer and Commercial Banking	Treasury	Others	Inter-segment elimination	
Net interest income	1,361,660	2,639,616	(59,109)	532,599	-	4,474,766
Total operating income						
– External	2,367,770	1,201,678	2,779,162	291,273	-	6,639,883
– Inter-segment	(855,849)	2,283,094	(2,207,289)	780,044	-	-
Total operating income	1,511,921	3,484,772	571,873	1,071,317	-	6,639,883
Depreciation and amortization	(31,409)	(160,325)	(11,526)	(77,636)	-	(280,896)
Total operating expenses	(332,426)	(1,946,057)	(130,874)	(555,414)	-	(2,964,771)
Operating profit before impairment losses	1,179,495	1,538,715	440,999	515,903	-	3,675,112
Release of / (charge on) impairment	80,131	(225,655)	(5,721)	-	-	(151,245)
Non-operating profit	-	-	-	69,926	-	69,926
Profit before taxation	1,259,626	1,313,060	435,278	585,829	-	3,593,793
Total assets	145,169,036	95,891,214	263,177,107	8,258,226	(728,795)	511,766,788
Total liabilities	118,161,195	219,163,861	122,750,164	3,921,601	(728,795)	463,268,026

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5 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. Segment assets or liabilities are based on the geographical location of the asset or liabilities. Specified non-current assets comprise fixed assets, interests in leasehold land, interest in a joint venture and interest in an associate and the geographical location is based on the physical location of the asset for fixed assets, and the location of the operation to which they are allocated for interest in a joint venture and interest in an associate.

	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
As at December 31, 2017						
Hong Kong (place of domicile)	<u>7,408,231</u>	<u>3,937,143</u>	<u>521,024,713</u>	<u>461,707,278</u>	<u>5,570,003</u>	<u>84,823,295</u>
	Revenue from external customers	Profit before taxation	Total assets	Total liabilities	Specified non-current assets	Contingent liabilities and commitments
As at December 31, 2016						
Hong Kong (place of domicile)	<u>6,639,883</u>	<u>3,593,793</u>	<u>511,766,788</u>	<u>463,268,026</u>	<u>5,740,414</u>	<u>79,211,497</u>

(c) Gross advances to customers by geographical areas

	2017	2016
Hong Kong	208,798,997	195,428,886
China	59,923,411	31,755,765
Macau	332,291	142,972
Others	18,972,813	5,993,236
	<u>288,027,512</u>	<u>233,320,859</u>

CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5 Segmental information (Continued)

(d) Impaired advances by geographical areas

	2017		2016	
	Gross impaired advances	Individually assessed impairment allowances	Gross impaired advances	Individually assessed impairment allowances
Hong Kong	634,906	226,147	258,682	142,831
China	772	-	364	97
	635,678	226,147	259,046	142,928

More than 90% of the collective impairment allowances were allocated to Hong Kong as at December 31, 2017 and 2016 respectively. The geographical analysis is based on location of the customers and has taken account of transfer of risk.

(e) International claims

International claims are exposures recorded on the statement of financial position 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 international claims are shown as follows:

As at December 31, 2017

	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial Institutions	Non-financial private sector	
Developing Asia and Pacific	149,525,644	7,094,187	9,372,542	73,711,213	239,703,586
- of which China	<u>148,661,989</u>	<u>7,094,187</u>	<u>8,119,125</u>	<u>73,202,343</u>	<u>237,077,644</u>
Offshore centres	<u>1,031,686</u>	-	<u>18,794,988</u>	<u>82,813,456</u>	<u>102,640,130</u>

As at December 31, 2016

	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial Institutions	Non-financial private sector	
Developing Asia and Pacific	209,032,763	5,728,561	8,283,873	66,737,416	289,782,613
- of which China	<u>208,155,056</u>	<u>5,728,561</u>	<u>8,283,873</u>	<u>66,591,599</u>	<u>288,759,089</u>
Offshore centres	<u>572,445</u>	-	<u>6,257,986</u>	<u>55,960,918</u>	<u>62,791,349</u>

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6 Mainland activities exposures

The table below summarises the Mainland China activities exposure of the Bank, categorised by types of counterparties:

As at December 31, 2017

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	73,669,666	9,590,377	83,260,043
(b) Local governments, local government-owned entities and their subsidiaries and JVs	26,003,581	241,522	26,245,103
(c) Mainland nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	68,441,524	6,498,155	74,939,679
(d) Other entities of central government not reported in part (a) above	7,925,145	1,808,201	9,733,346
(e) Other entities of local governments not reported in part (b) above	59,619	-	59,619
(f) Mainland nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	12,393,222	588,159	12,981,381
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	8,294,884	76,561	8,371,445
Total	196,787,641	18,802,975	215,590,616
Total assets after provision	518,891,432		
On-balance sheet exposures as percentage of total assets	37.92%		

As at December 31, 2016

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	52,253,738	6,806,255	59,059,993
(b) Local governments, local government-owned entities and their subsidiaries and JVs	16,972,944	290,386	17,263,330
(c) Mainland nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	46,946,205	510,646	47,456,851
(d) Other entities of central government not reported in part (a) above	3,859,209	772,221	4,631,430
(e) Other entities of local governments not reported in part (b) above	13,496	-	13,496
(f) Mainland nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	17,181,333	3,806,089	20,987,422
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	15,788,140	657,048	16,445,188
Total	153,015,065	12,842,645	165,857,710
Total assets after provision	509,554,842		
On-balance sheet exposures as percentage of total assets	30.03%		

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7 Currency concentrations

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

As at December 31, 2017

	RMB	USD	Others	Total
HKD equivalent				
Spot assets	75,680,857	206,900,565	40,698,426	323,279,848
Spot liabilities (Note)	(90,941,640)	(162,916,208)	(24,805,616)	(278,663,464)
Forward purchases	133,823,203	219,049,589	40,379,097	393,251,889
Forward sales	<u>(141,172,903)</u>	<u>(262,925,434)</u>	<u>(56,224,149)</u>	<u>(460,322,486)</u>
Net long/(short) position (Note)	<u>(22,610,483)</u>	<u>108,512</u>	<u>47,758</u>	<u>(22,454,213)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at December 31, 2016

	RMB	USD	Others	Total
HKD equivalent				
Spot assets	50,899,627	218,070,356	25,513,298	294,483,281
Spot liabilities (Note)	(75,108,403)	(184,791,548)	(23,059,532)	(282,959,483)
Forward purchases	174,436,686	203,962,961	14,895,767	393,295,414
Forward sales	<u>(172,698,531)</u>	<u>(237,523,873)</u>	<u>(17,303,228)</u>	<u>(427,525,632)</u>
Net long/(short) position (Note)	<u>(22,470,621)</u>	<u>(282,104)</u>	<u>46,305</u>	<u>(22,706,420)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The net options position is calculated using the Simplified Approach and there was no net options position as at December 31, 2017 and 2016.

Note: The RMB spot liabilities and the net short RMB position include the RMB17.6 billion share capital (HKD22.3 billion).