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中信國際金融控股有限公司

CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 183)

ANNOUNCEMENT

Discloseable Transaction Disposal of interest in CIAM and Issue of New Shares in CIAM to the Investors

The Board wishes to announce that on 4 December 2006, the Company entered into the STS Agreement and the Shareholder Agreement with CIAM and the Investors in respect of the investment in CIAM by the Investors. Pursuant to the STS Agreement, the Investors will purchase the Sale Shares from the Company and subscribe for the New Shares. Upon Completion, the Company will be interested in 40% of the enlarged issued share capital of CIAM and CIAM will no longer be a subsidiary of the Company.

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Transaction will be despatched to the shareholders of the Company as soon as practicable.

The Board wishes to announce that on 4 December 2006, the Company, CIAM and the Investors have reached an agreement in respect of the investment in CIAM by the Investors.

THE TRANSACTION

The STS Agreement

Date

4 December 2006

Parties

Vendor of the Sale Shares: the Company

Purchasers of the Sale Shares: the Investors

Issuer of the New Shares: CIAM

Subscribers of the New Shares: the Investors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Investors and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons (as defined under the Listing Rules) of the Company.

Sale and Purchase of Sale Shares

Pursuant to the STS Agreement, the Company shall sell, and the Investors (each as to the number of Sale Shares set out below) shall purchase, the Sale Shares as follows:

AMC: 156,020,796 Shares, representing approximately 7.04% of the entire issued share capital of CIAM, as enlarged by the allotment and issue of the New Shares

Ithmaar Bank: 124,816,636 Shares, representing approximately 5.63% of the entire issued share capital of CIAM, as enlarged by the allotment and issue of the New Shares

MRO: 93,612,477 Shares, representing approximately 4.22% of the entire issued share capital of CIAM, as enlarged by the allotment and issue of the New Shares

Subscription of New Shares

Pursuant to the STS Agreement, CIAM shall allot and issue, and the Investors (each as to the number of New Shares set out below) shall subscribe for, the New Shares as follows:

AMC:	398,396,124 Shares, representing approximately 17.96% of the entire issued share capital of CIAM, as enlarged by the allotment and issue of the New Shares
Ithmaar Bank:	318,716,898 Shares, representing approximately 14.37% of the entire issued share capital of CIAM, as enlarged by the allotment and issue of the New Shares
MRO:	239,037,674 Shares, representing approximately 10.78% of the entire issued share capital of CIAM, as enlarged by the allotment and issue of the New Shares

Consideration

The consideration for the Sale Shares payable by the Investors (each as to the amount set out below) shall be payable in cash on Completion:

AMC:	HK\$164,102,673
Ithmaar Bank:	HK\$131,282,138
MRO:	HK\$98,461,603

The subscription price for the New Shares payable by each of the Investors shall be HK\$1.0518 per New Share. The subscription price shall be payable in instalments in the following manner:

- approximately 16.50% of the subscription monies for the New Shares on allotment and issue on the Completion Date; and
- the balance of the subscription monies for the New Shares upon one or more calls to be made by the CIAM Board from time to time within a period of two years following the Completion Date.

The CIAM Board will consider the then funding positions of CIAM and investment opportunities when deciding whether call(s) on the remaining balance of the subscription monies for the New Shares needs to be made. At the date which is two years following the Completion Date, all remaining subscription monies for the New Shares will have been called.

The initial subscription monies for the New Shares and the remaining subscription monies for the New Shares payable by the Investors (each as to the amounts set out against each Investors' name below) shall be payable in cash:

	Initial subscription monies	Remaining subscription monies
AMC:	HK\$69,151,613	HK\$349,881,429
Ithmaar Bank:	HK\$55,321,291	HK\$279,905,143
MRO:	HK\$41,490,968	HK\$209,928,858

The consideration for the Sale Shares and the issue price of the New Shares were arrived at after arm's length negotiation among the Company, CIAM and the Investors with reference to, among other things, the net asset value of CIAM.

Completion

Completion of the subscription for the New Shares and completion of the sale and purchase of the Sale Shares by each of the Investors shall be inter-conditional and shall occur simultaneously.

The STS Agreement is unconditional. Completion shall take place on the Completion Date, or such other date as may be agreed between the Company, CIAM and the Investors (which shall not be later than 28 December 2006).

Termination

If Completion has not occurred on or before 12 midnight on 28 December 2006, the STS Agreement shall terminate automatically.

Subject to the automatic termination provision referred to in the above paragraph, if any of the Investors, the Company and CIAM fails or is unable to perform any material obligation required to be performed by it at Completion pursuant to the STS Agreement, the non-defaulting party(ies) shall not be obliged to proceed to Completion and the non-defaulting party(ies) may, in their absolute discretion, acting unanimously by written notice to the defaulting party(ies): (a) terminate the STS Agreement; or (b) elect to defer the completion of the STS Agreement by not more than 10 days to such other date as it may specify in such notice.

The Shareholders' Agreement

On 4 December 2006, the Company, the Investors and CIAM entered into the Shareholders' Agreement. The Shareholders' Agreement will become fully effective upon Completion.

Under the Shareholders' Agreement, no shareholder of CIAM shall, or shall agree, without the prior written consent of the other shareholders of CIAM, to (i) pledge, mortgage, charge or otherwise encumber any of its Shares or any interest in any of its Shares; or (ii) enter into any agreement in respect of the votes attached to any of its Shares.

In addition, save for transfers expressly permitted in the Shareholders' Agreement, during the five-year period commencing on the effective date of the Shareholders' Agreement, no shareholder of CIAM shall, or shall agree, without the prior written consent of the other shareholders of CIAM, sell, transfer or otherwise dispose of, or grant any option over, any of its Shares or any interest in its Shares. On and from the fifth anniversary of the effective date of the Shareholders' Agreement, any proposed transfer or other disposal of Shares or any interests in Shares by a shareholder of CIAM will be subject to customary pre-emptive rights under which the proposed transferor has to first offer such Shares to the other shareholders of CIAM (in proportion to their then shareholding in CIAM) at the price of the proposed transfer.

SHAREHOLDINGS IN CIAM

The table below sets out the shareholding structures of CIAM before and upon Completion:

Shareholder of CIAM	Shareholding in CIAM before Completion	Shareholding in CIAM upon Completion
The Company	100%	40%
AMC	–	25%
Ithmaar Bank	–	20%
MRO	–	15%

Upon Completion, the Company will be interested in 40% of the enlarged issued share capital of CIAM and CIAM will no longer be a subsidiary of the Company.

COMPOSITION OF THE CIAM BOARD

Pursuant to the Shareholders Agreement, each of the Investors and CIFH is entitled to nominate one director to the CIAM Board for every whole 10% of its shareholding in CIAM. Upon Completion, CIFH, AMC, Ithmaar Bank and MRO will be entitled to nominate four directors, two directors, two directors and one director, respectively, to the CIAM Board.

INFORMATION ON CIAM

CIAM is an asset management company which specialises in distressed assets management, direct investment and advisory services.

The unaudited consolidated net profits of CIAM before and after taxation were approximately HK\$54,317,000 and HK\$50,274,000 respectively for the year ended 31 December 2005 and were approximately HK\$80,545,000 and HK\$80,492,000 respectively for the year ended 31 December 2004. The consolidated net asset value of CIAM and its subsidiaries attributable to equity shareholders to the Company as at 30 June 2006 under the Company's unaudited interim accounts was approximately HK\$1,436,358,000.

INFORMATION ON THE INVESTORS

AMC is a company incorporated in Japan and the shares of which are listed on the Nippon New Market, "Hercules" of Osaka Securities Exchange Co., Ltd.. AMC primarily engages in merchant banking business such as real estate fund, M&A and other businesses.

Ithmaar Bank is a Bahrain joint stock company established and registered in the Kingdom of Bahrain, the shares of which are listed on the Bahrain Stock Exchange. Ithmaar Bank operates as an investment bank throughout the Middle East, North Africa, Asia and Europe and is regulated by the Central Bank of Bahrain. Apart from holding significant investments in the banking and financial services sectors in various markets, its major business activities include private equity, asset management, advisory business, project financing and equity underwriting business.

MRO is incorporated in British Virgin Islands and is an investment holding company. Each of Mr. Zhang Shikeng and Madam Zhou Xingchen holds a 50% beneficial interest in MRO. Mr. Zhang and Madam Zhou are business persons with businesses in the PRC and Southeast Asia region.

REASONS FOR THE TRANSACTION

The Company is an investment holding company and is the holding company of CITIC Ka Wah Bank Limited, a Hong Kong licensed bank, and CIAM. The Company also holds 50% of CITIC Capital Holdings Limited, which focuses on China-related merchant banking and investment management services.

The Transaction is aimed to create synergy for CIAM's asset management business through capitalisation on the Investors respective know-how and network on direct investment opportunities. Entering into the Transaction will also strengthen CIAM's capital base and support its future development. The Directors believe that, with the anticipated benefits arising from the Transaction, the Transaction is on normal commercial terms and the terms of the Transaction as a whole are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Company expects no material gain or loss arising from the Transaction. The actual gain or loss to be recognised in the income statement of the Company for the financial year ended 31 December 2006 will be calculated by reference to the carrying value of CIAM at the Completion Date. The sale proceeds will be applied to further strengthen the general working capital of the Company.

GENERAL

The Transaction constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the Transaction will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

"AMC"	Asset Managers Co., Ltd., a company incorporated under the laws of Japan and the shares of which are listed on the Nippon New Market, "Hercules" of Osaka Securities Exchange Co., Ltd.
"Board"	the board of Directors
"CIAM"	CITIC International Assets Management Limited, a company incorporated in Hong Kong and currently a wholly-owned subsidiary of the Company
"CIAM Board"	the board of directors of CIAM
"Company"	CITIC International Financial Holdings Limited, a company incorporated in Hong Kong and the ordinary shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the simultaneous completion of the issue, allotment and subscription of the New Shares and the sale and purchase of the Sale Shares pursuant to the STS Agreement
"Completion Date"	18 December 2006, or such other date as the Company, CIAM and the Investors shall agree
"Directors"	directors of the Company
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Investors"	AMC, Ithmaar Bank, and MRO
"Ithmaar Bank"	Ithmaar Bank B.S.C., a Bahrain joint stock company established and registered in Kingdom of Bahrain and the shares of which are listed on the Bahrain Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MRO"	Mega Rider Offshore Ltd., a company incorporated under the laws of British Virgin Islands
"New Shares"	956,150,696 new Shares to be allotted and issued by CIAM to the Investors pursuant to the STS Agreement
"PRC"	the People's Republic of China
"Sale Shares"	374,449,909 Shares currently held by the Company
"Shareholders' Agreement"	the shareholders' agreement dated 4 December 2006 entered into between the Company, CIAM and the Investors in respect of CIAM
"Shares"	ordinary shares of par value of HK\$1.00 each in the share capital of CIAM

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STS Agreement”	the share transfer and subscription agreement dated 4 December 2006 entered into between the Company, CIAM and the Investors in respect of the sale and purchase of the Sale Shares and the issue, allotment and subscription of the New Shares
“Transaction”	the transactions contemplated in the STS Agreement and the Shareholders’ Agreement

By Order of the Board
CITIC International Financial Holdings Limited
Kyna Y. C. Wong
Company Secretary

Hong Kong, 4 December 2006

As at the date of this announcement, the Chairman of the Company is Mr. Kong Dan; the Vice Chairman of the Company is Mr. Chang Zhenming; the executive directors of the Company are Mr. Dou Jianzhong, Mrs. Chan Hui Dor Lam Doreen, Mr. Lo Wing Yat Kelvin, Mr. Roger Clark Spyer and Mr. Zhao Shengbiao; the non-executive directors of the Company are Mr. Chen Xiaoxian, Mr. Feng Xiaozeng, Mr. Ju Weimin, Mr. Liu Jifu and Mr. Wang Dongming; and the independent non-executive directors of the Company are Mr. Rafael Gil-Tienda, Mr. Lam Kwong Siu and Mr. Tsang Yiu Keung Paul.

“Please also refer to the published version of this announcement in South China Morning Post.”