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GLORYSHARE INVESTMENTS LIMITED
(incorporated in the British Virgin Islands with limited liability)



中信國際金融控股有限公司
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)
(Stock Code: 183)

JOINT ANNOUNCEMENT

**PROPOSAL TO PRIVATISE
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 166 OF THE COMPANIES ORDINANCE**

**PROPOSED WITHDRAWAL OF LISTING OF
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED**

**RESUMPTION OF TRADING IN SHARES OF
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED**

**Financial adviser to
Gloryshare Investments Limited**

**LEHMAN BROTHERS
Lehman Brothers Asia Limited**

**INCREASE OF CANCELLATION CONSIDERATION
AND
DELAY IN THE DESPATCH OF THE SCHEME DOCUMENT**

INCREASE OF CANCELLATION CONSIDERATION

The board of directors of the Offeror and the Board jointly announce that on 27 August 2008, the Offeror requested the Board to put forward to the Minority Shareholders a revised Proposal under which holders of the Scheme Shares will receive from the Offeror as New Cancellation Consideration:

One CNCB H Share and HK\$2.16 in cash for every Scheme Share cancelled.

As required under the Takeovers Code, the cash offers to the Optionholders and the Bondholders, which are conditional upon the Scheme of Arrangement becoming effective, will be adjusted as follows:

1. the cash offer for the cancellation of the Options will be calculated by deducting the exercise price of the relevant Options from the value of the New Cancellation Consideration based on the closing price of HK\$5.44 per CNCB H Share as quoted on the Last Trading Day plus the cash portion of the New Cancellation Consideration of HK\$2.16 per Scheme Share cancelled; and
2. the cash offer to the Bondholders for the acquisition of the outstanding Convertible Bonds will be calculated by multiplying the number of the Shares convertible from the Convertible Bonds by the value of the New Cancellation Consideration based on the closing price of HK\$5.44 per CNCB H Share as quoted on the Last Trading Day plus the cash portion of the New Cancellation Consideration of HK\$2.16 per Scheme Share cancelled.

Save as aforesaid, all other terms of the Proposal will remain unchanged. The Offeror has confirmed that there will be no further revision to the New Cancellation Consideration.

DELAY IN THE DESPATCH OF THE SCHEME DOCUMENT

In light of the revision to the Cancellation Consideration set out above, it is expected more time will be required to finalise the Scheme Document and accommodate the High Court timetable for fixing hearing dates and convening the Court Meeting. Thus, the despatch of the Scheme Document will be delayed. An application has been made to the Executive for an extension of the time for the despatch of the Scheme Document to no later than 29 September 2008. A detailed timetable will be set out in the Scheme Document and in the announcement to be issued upon the despatch of the Scheme Document.

SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange has been suspended from 9:37 a.m. on 27 August 2008, pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 28 August 2008.

Shareholders and potential investors should be aware that the implementation of the Proposal and subsequent transactions in the Framework Agreement continue to be subject to the conditions as set out in the Joint Announcement being fulfilled or waived, as applicable, and thus the Proposal and subsequent transactions in the Framework Agreement may or may not become effective. Accordingly, they are advised to exercise caution when dealing in the Shares and CNCB Shares.

Reference is made to the Joint Announcement and the joint announcement dated 15 July 2008 issued jointly by the Offeror and the Company in relation to delay in the despatch of the Scheme Document.

INCREASE OF CANCELLATION CONSIDERATION

The board of directors of the Offeror and the Board jointly announce that on 27 August 2008, the Offeror requested the Board to put forward to the Minority Shareholders a revised Proposal under which holders of the Scheme Shares will receive from the Offeror as New Cancellation Consideration:

One CNCB H Share and HK\$2.16 in cash for every Scheme Share cancelled.

As required under the Takeovers Code, the cash offers to the Optionholders and the Bondholders, which are conditional upon the Scheme of Arrangement becoming effective, will also be adjusted correspondingly as follows:

1. the cash offer for the cancellation of the Options will be calculated by deducting the exercise price of the relevant Options from the value of the New Cancellation Consideration based on the closing price of HK\$5.44 per CNCB H Share as quoted on the Last Trading Day plus the cash portion of the New Cancellation Consideration of HK\$2.16 per Scheme Share cancelled; and
2. the cash offer to the Bondholders for the acquisition of the outstanding Convertible Bonds will be calculated by multiplying the number of the Shares convertible from the Convertible Bonds by the value of the New Cancellation Consideration based on the closing price of HK\$5.44 per CNCB H Share as quoted on the Last Trading Day plus the cash portion of the New Cancellation Consideration of HK\$2.16 per Scheme Share cancelled.

The share portion of the Cancellation Consideration, namely one CNCB H Share per Share, remains unchanged. The cash payment under the Cancellation Consideration has increased by HK\$0.70 per Share, representing an increase of approximately 48% over the original cash payment of HK\$1.46 per Share. The Offeror is of the view that the increased cash consideration will further enhance the attractiveness of the offer premium when viewed as a whole in comparison to the Company's historical trading value and that it will engage the support of minority shareholders based on feedback on the Proposal since the publication of the Joint Announcement. Like the original Cancellation Consideration, the New Cancellation Consideration will continue to offer a unique combination of CNCB H Shares and cash payments to unlock the value of the Shares. The Offeror has confirmed that there will be no further revision to the New Cancellation Consideration.

Save as aforesaid, all other terms of the Proposal will remain unchanged.

The New Cancellation Consideration means that the share portion remains unchanged from that stated in the Joint Announcement, namely 1,747,051,920 CNCB H Shares, but that the cash payment will be increased to approximately HK\$3,847 million, assuming full acceptance of the cash offers for the Options and the outstanding Convertible Bonds, or 1,783,442,036 CNCB H Shares and approximately HK\$3,852 million, assuming all vested Options will be fully exercised, all outstanding Convertible Bonds will be fully converted and all holders of unvested Options will accept the cash offers to them.

Lehman Brothers Asia Limited, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to implement the Proposal with the New Cancellation Consideration in accordance with its terms.

DELAY IN THE DESPATCH OF THE SCHEME DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, unless the consent of the Executive is otherwise obtained, the Scheme Document should be sent to the Shareholders, the Optionholders and the Bondholders within 35 days of the date of the Joint Announcement, which was on or before 15 July 2008. As announced by the Offeror and the Company in their joint announcement dated 15 July 2008, an application was made to the Executive for an extension of time to no later than 1 September 2008.

In light of the revision to the Cancellation Consideration set out above, it is expected more time will be required to finalise the Scheme Document and accommodate the High Court timetable for fixing hearing dates and convening the Court Meeting. Thus, the despatch of the Scheme Document will be delayed. An application has been made to the Executive for an extension of the time for the despatch of the Scheme Document to no later than 29 September 2008. A detailed timetable will be set out in the Scheme Document and in the announcement to be issued upon the despatch of the Scheme Document.

SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange has been suspended from 9:37 a.m. on 27 August 2008, pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 28 August 2008.

GENERAL

Associates of the Company and the Offeror are reminded to disclose their dealings in any securities in the Company and CNCB.

Stockbrokers, banks and others who deal in the securities of the Company and CNCB on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to Associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw to their attention the relevant rules under the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in the securities of the Company and CNCB undertaken for a client during any 7-day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, Associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive under the Takeovers Code in its dealings enquiries. Therefore, those who deal in the securities of the Company and CNCB should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

WARNING

Shareholders and potential investors should be aware that the implementation of the Proposal and subsequent transactions in the Framework Agreement continue to be subject to the conditions as set out in the Joint Announcement being fulfilled or waived, as applicable, and thus the Proposal and the subsequent transactions in the Framework Agreement may or may not become effective. Accordingly, they are advised to exercise caution when dealing in the Shares and CNCB Shares.

DEFINITIONS

In this announcement, capitalized terms and expressions have the meanings used in the Joint Announcement, except that the following expressions have the meanings set out below unless the context requires otherwise.

“Joint Announcement”	the announcement dated 10 June 2008 issued jointly by the Offeror and the Company in relation to the Proposal
“Last Trading Date”	2 June 2008, being the last day of trading in the Shares on the Hong Kong Stock Exchange immediately prior to the suspension of trading pending publication of the Joint Announcement
“New Cancellation Consideration”	the consideration of one CNCB H Share and HK\$2.16 in cash for every Scheme Share cancelled
“Scheme Document”	the composite document to be jointly issued by the Company and the Offeror in relation to the Proposal and the Scheme of Arrangement and all relevant information to the Shareholders, the Optionholders and the Bondholders as well as the particulars required by the Takeovers Code

By order of
the board of directors of
GLORYSHARE INVESTMENTS LIMITED
Chang Zhenming
Director

By order of
the board of directors of
**CITIC INTERNATIONAL FINANCIAL
HOLDINGS LIMITED**
Dou Jianzhong
Director and Chief Executive Officer

Hong Kong, 27 August 2008

The directors of CITIC Group jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement other than those expressed by the Company have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement other than those expressed by the Company have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to CITIC Group, the Offeror, CNCB or BBVA, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by CITIC Group, the Offeror or BBVA, have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the directors of the Offeror are Mr. Chang Zhenming, Mr. Dou Jianzhong and Mr. Ju Weimin.

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. Jose Barreiro, Mr. Chen Xiaoxian, Mr. Fan Yifei, Mr. Feng Xiaozeng, Mr. Manuel Galatas, 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.