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If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a licensed securities dealer, or other registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in CITIC International Financial Holdings Limited, you should at once hand this document to the purchaser or the transferee or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSAL TO PRIVATIZE
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 166 OF THE COMPANIES ORDINANCE
AND
PROPOSED WITHDRAWAL OF THE LISTING OF
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED**

**SUPPLEMENTAL CIRCULAR
TO THE SCHEME DOCUMENT
OF 16 SEPTEMBER 2008**

Financial adviser to
Gloryshare Investments Limited

Morgan Stanley

Morgan Stanley Asia Limited

Independent financial adviser to the Independent Board Committee of
CITIC International Financial Holdings Limited



SOMERLEY LIMITED

Capitalized terms hereunder shall have the same meanings as defined in the Scheme Document (as defined in this document) unless the context requires otherwise.

This document is supplemental to, and should be read together with, the Scheme Document. The notices convening the Court Meeting and the Extraordinary General Meeting to be held in Hong Kong on Thursday, 16 October 2008 are set out on pages CM-1 to EGM-3 of the Scheme Document.

The English language text of this document shall prevail over the Chinese language text.

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DEFINITIONS

In this document, all the terms and expressions shall have the same meanings as those ascribed to them in the Scheme Document save that the following expressions shall have the following meanings respectively set opposite them unless the context requires otherwise:

“Latest Practicable Date”	19 September 2008, being the latest practicable date prior to the printing of this document for ascertaining certain information contained in this document
“Morgan Stanley”	Morgan Stanley Asia Limited, a company incorporated in Hong Kong, which is licensed for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO and financial adviser to the Offeror
“Scheme Document”	the composite document dated 16 September 2008 issued by the Company to the Minority Shareholders, the holders of the Options and the Bondholders in relation to the Proposal, which comprises the Scheme of Arrangement, the Option Offer and the Bond Offer

LETTER FROM THE BOARD



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)

Chairman

Mr. Kong Dan

Vice Chairman

Mr. Chang Zhenming

Registered Office:

Suites 2701-9, 27th Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Executive Directors

Mr. Dou Jianzhong
Mrs. Chan Hui Dor Lam Doreen
Mr. Lo Wing Yat Kelvin
Mr. Roger Clark Spyer
Mr. Zhao Shengbiao

Non-executive Directors

Mr. Jose Barreiro
Mr. Chen Xiaoxian
Mr. Fan Yifei
Mr. Feng Xiaozeng
Mr. Manuel Galatas
Mr. Ju Weimin
Mr. Liu Jifu
Mr. Wang Dongming

Independent Non-executive Directors

Mr. Rafael Gil-Tienda
Mr. Lam Kwong Siu
Mr. Tsang Yiu Keung Paul

23 September 2008

To the Minority Shareholders, the holders of the Options and Bondholders

Dear Sir or Madam,

**PROPOSAL TO PRIVATIZE
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 166 OF THE COMPANIES ORDINANCE
AND
PROPOSED WITHDRAWAL OF THE LISTING OF
CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED**

**SUPPLEMENTAL CIRCULAR
TO THE SCHEME DOCUMENT
OF 16 SEPTEMBER 2008**

LETTER FROM THE BOARD

INTRODUCTION

The Scheme Document, together with forms of proxy, were despatched to the Minority Shareholders, the holders of the Options and the Bondholders on 16 September 2008. Subsequently on 17 September 2008, the Offeror and the Company jointly announced that the Offeror had appointed Morgan Stanley as its financial adviser in place of Lehman Brothers.

The purpose of this document is to provide you with further information regarding the appointment of Morgan Stanley in connection with the Proposal. This document is accordingly supplemental to, and should be read together with, the Scheme Document and, in the case of holders of the Options and the Bondholders, the separate letters to them containing the Option Offer and the Bond Offer respectively.

REPLACEMENT OF THE OFFEROR'S FINANCIAL ADVISER

As a result of the recent financial turmoil, Lehman Brothers Holdings Inc., the parent company of Lehman Brothers, announced on 15 September 2008 that it had filed a petition under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York for the protection of its assets. Consequently, the Executive on 16 September 2008 issued restriction notices pursuant to sections 204 and 205 of the SFO with respect to four licensed corporations in Hong Kong, including Lehman Brothers which was the financial adviser to the Offeror in relation to the Proposal. The notice restricts Lehman Brothers from dealing with its clients and its assets and properties.

As the restriction notice prevents Lehman Brothers from further acting as the financial adviser to the Offeror, Lehman Brothers recommended the Offeror to seek another financial adviser in its place. On 17 September 2008, the Offeror appointed Morgan Stanley as its financial adviser in place of Lehman Brothers in connection with the Proposal.

NO CHANGE TO THE PROPOSAL AND THE TIMETABLE

The terms of the Proposal and the expected timetable set out in the Scheme Document for its implementation, particularly the times and place for the holding of the Court Meeting and the Extraordinary General Meeting, will remain unchanged notwithstanding the replacement of the Offeror's financial adviser.

The reasons for the Proposal and the analysis in the event that the Scheme of Arrangement does not become effective will also remain unchanged, and you are advised to read the sections entitled "Reasons for the Proposal" and "If the Scheme of Arrangement does not become effective" set out in pages 77 to 78 and 78 to 79 respectively of the Scheme Document.

Furthermore, both the Independent Board Committee and the Independent Financial Adviser have confirmed that the replacement of the Offeror's financial adviser would not change the analysis and the recommendations contained in their letters set out on pages 17 to 18 and pages 19 to 67 respectively of the Scheme Document.

LETTER FROM THE BOARD

FINANCIAL RESOURCES

As mentioned in the section entitled “Financial Resources” in the Letter from the Board on page 15 of the Scheme Document, the total share portion and cash payments under the Proposal will be 1,747,059,920 CNCB H Shares and approximately HK\$3,846 million respectively assuming full acceptance of the Option Offer and the Bond Offer, or 1,783,040,036 CNCB H Shares and approximately HK\$3,851 million respectively assuming the Options will be fully exercised and the outstanding Convertible Bonds will be fully converted prior to the Expiry Time. However, taking into account the fact that the unvested Options will not be exercisable before the implementation of the Proposal, the total share portion and cash payments under the Proposal will be 1,757,676,036 CNCB H Shares and approximately HK\$3,823 million respectively, based on the assumption that prior to the Expiry Time (i) the Option Offer will be accepted by all holders of the unvested Options, (ii) all vested Options will be fully exercised and (iii) the outstanding Convertible Bonds will be fully converted.

Morgan Stanley, in its capacity as the new financial adviser to the Offeror, is satisfied that sufficient CNCB H Shares and financial resources are available to the Offeror for the implementation of the Proposal.

CERTAIN INTERESTS OF MORGAN STANLEY IN THE COMPANY AND CNCB

As at the Latest Practical Date, Morgan Stanley and its affiliates (other than exempt principal traders and exempt fund managers) owned or controlled 59,232,000 Shares.

As at the Latest Practical Date, Morgan Stanley and its affiliates (other than exempt principal traders and exempt fund managers): (i) owned or controlled 20,327,172 CNCB H Shares; and (ii) through swap interests, had a long position of 23,978,630 and a short position of 3,000,000 in respect of CNCB H Shares.

The above interests have been disclosed in this document due to Morgan Stanley's role as the financial adviser to the Offeror.

The Shares legally and beneficially owned by Morgan Stanley and its affiliates at the time of the Court Meeting, as is the case of its predecessor Lehman Brothers and its affiliates, will form part of the Scheme Shares. However, such Shares, in compliance with the Takeovers Code, will neither be represented nor voted at the Court Meeting. Morgan Stanley, on behalf of itself and its affiliates, has undertaken to the Company to this effect. In addition, Morgan Stanley and its affiliates will not be entitled to vote on the resolution to approve the Third CNCB Transfer at the Extraordinary General Meeting.

LETTER FROM THE BOARD

Save as set out above, Morgan Stanley has confirmed that as at the Latest Practicable Date:

- (a) neither it nor any of its affiliates (excluding exempt principal traders and exempt fund managers) owned or controlled any other Shares or CNCB Shares or any convertible securities, warrants, options or derivatives in respect of the Shares or CNCB Shares;
- (b) it did not have any arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other person in relation to the shares of CITIC Group, the Offeror or the Company which might be material to the Proposal;
- (c) it had not borrowed or lent any Shares or CNCB Shares save for any borrowed Shares or CNCB Shares which have been either on-lent or sold;
- (d) except for the dealings by it and its affiliates (excluding exempt principal traders and exempt fund managers) which will be announced by the Company and the Offeror in due course, it had not during the period commencing six months before 3 June 2008 and ending on the Latest Practicable Date dealt for value in the Shares or the shares in CITIC Group, the Offeror, CNCB or BBVA or any convertible securities, warrants, options or derivatives in respect of the Shares or the shares in CITIC Group, the Offeror, CNCB or BBVA; and
- (e) there was no arrangement between it or any of the directors, recent directors, the shareholders or recent shareholders of the Company having any connection with or dependence upon the Scheme of Arrangement.

GENERAL

The principal place of business in Hong Kong of Morgan Stanley is situate at 30th Floor, Three Exchange Square, Central, Hong Kong.

Morgan Stanley has given and has not withdrawn its written consent to the issue of this document with the inclusion in this document of its opinions and references to its name in the form and context in which they respectively appear. A copy of the written consent of Morgan Stanley is available for inspection until the Effective Date or the date on which the Scheme of Arrangement is withdrawn or lapses from 9:30 a.m. to 5:30 p.m., Monday to Friday at (i) the registered office of the Company at Suites 2701-9, 27th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong; (ii) the website of the Company at www.citicifh.com; and (iii) the website of the SFC at www.sfc.hk.

The English language text of this document shall prevail over the Chinese language text.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Proposal.

The directors of CITIC Group jointly and severally accept full responsibility for the accuracy of the information contained in this document other than that relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document 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 document, the omission of which would make any statement in this document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this document other than that relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document 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 document, the omission of which would make any statement in this document misleading.

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

Yours faithfully,

For and on behalf of the Board

CITIC INTERNATIONAL FINANCIAL HOLDINGS LIMITED

Dou Jianzhong

Director and Chief Executive Officer