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CITIC Limited
中國中信股份有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

VOLUNTARY ANNOUNCEMENT

ACQUISITION OF A CONTROLLING INTEREST IN MCDONALD'S MAINLAND CHINA AND HONG KONG BUSINESSES

This is a voluntary announcement made by CITIC Limited (the “**Company**” or “**CITIC**”).

THE ACQUISITION AND THE FRANCHISE

The board of directors (the “**Board**”) of CITIC is pleased to announce that CITIC, CITIC Capital China Partners III, L.P. (“**CITIC Capital**”) and Carlyle Asia Partners IV, L.P. (“**Carlyle**”) propose to acquire a controlling interest in McDonald’s Mainland China and Hong Kong businesses (the “**Acquisition**”) through Grand Foods Investment Holdings Limited (the “**Purchaser**”, being an indirect non-wholly-owned subsidiary of the Company).

On 9 January 2017, the Purchaser entered into a sale and purchase agreement (the “**SPA**”) with, among others, McDonald’s China Holdings Limited (“**MCHL**”) and Golden Arches Investments Limited (“**GAIL**” and together with MCHL, the “**Sellers**”, being subsidiaries of McDonald’s Corporation) for the acquisition of the entire issued share capital of McDonald’s China Management Limited (the “**Target**” and together with its subsidiaries, the “**Target Group**”), at a total consideration of up to US\$2,080 million (equivalent to approximately HK\$16,141 million). The consideration for the Acquisition will be settled partly by way of cash and partly by way of new shares in Grand Foods Holdings Limited (“**Holdco**”), being the intermediate holding company of the Purchaser, to be issued to GAIL.

Upon closing of the Acquisition (“**Closing**”), the Target will be owned by Fast Food Holdings Limited (which is in turn indirectly owned as to approximately 61.54% and 38.46% by CITIC and CITIC Capital respectively), Carlyle and GAIL as to 52%, 28% and 20%, respectively. The Target will become an indirect non-wholly-owned subsidiary of CITIC

upon Closing. Whilst CITIC will acquire a controlling interest in the Target at Closing, CITIC's attributable economic interest (on a see through basis) in the Target will be 32% (after accounting for all minority interests). CITIC's exposure to the consideration payable for the Acquisition will only be up to US\$665.6 million (equivalent to approximately HK\$5,165 million), which represents CITIC's attributable economic interest of 32% in the Target.

Subject to Closing, the Target Group will be granted a master franchise to operate McDonald's restaurants in Mainland China and Hong Kong for a term of 20 years pursuant to two master franchise agreements (the "MFAs") which will commence from Closing.

Upon Closing, the board of directors of the Target will comprise of representatives from CITIC, CITIC Capital, Carlyle and McDonald's. The existing management team of McDonald's will remain in the Target Group after the Closing.

HoldCo has retained J.P. Morgan Securities (Asia Pacific) Limited as its exclusive financial adviser in connection with the Acquisition. CITIC has retained CITIC CLSA Capital Markets Limited as its financial adviser and CITIC Securities Co., Ltd as its financial adviser in China in connection with the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE FRANCHISE

CITIC is China's largest conglomerate operating domestically and overseas, with businesses in financial services, resources and energy, manufacturing, engineering contracting and real estate as well as others. CITIC is a constituent of the Hang Seng Index.

China's consumer sector is growing rapidly, benefiting from continued urbanization, an expanding middle class and increasing disposable household incomes. China's working population is larger than those of the US and Europe combined, yet spending levels of China's middle class are a small fraction of those in more developed countries. As disposable incomes rise, people will continue to spend more on leisure and on dining out, and there is particularly great growth potential in tier 3 and 4 cities. As such, the market for Western Quick Service Restaurants is expected to continue to grow rapidly.

This investment offers a chance to deepen CITIC's exposure to the consumer sector, which is poised to be the main driver of China's economy for decades to come. This transaction is also another step in CITIC's efforts to better balance the financial and non-financial businesses. CITIC sees opportunities for synergies with its existing businesses. McDonald's extensive network and consumer base will provide CITIC with invaluable insight, which CITIC will leverage to the benefit of its existing businesses.

LISTING RULES IMPLICATIONS

Since Holdco is expected to be an insignificant subsidiary of the Company under Rule 14A.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") upon Closing, GAIL (who will become a substantial shareholder of Holdco upon Closing) is not expected to be a connected person (as defined under the Listing Rules) of the Company. Accordingly, the transactions under the MFAs and certain ancillary transactions (including certain lease arrangements) after Closing between members of the Target Group and certain associates of GAIL should not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company will monitor the progress of such transactions (including the status of Holdco continuing as an insignificant subsidiary of the Company) and comply with any applicable requirements under the Listing Rules.

WARNING

As Closing is subject to the fulfilment (or, if applicable, waiver) of certain conditions precedent, the Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transactions under the SPA will be completed.

As the Acquisition may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board of
CITIC Limited
Chang Zhenming
Chairman

Hong Kong, 9 January 2017

As at the date of this announcement, the executive directors of the Company are Mr Chang Zhenming (Chairman), Mr Wang Jiong, Ms Li Qingping and Mr Pu Jian; the non-executive directors of the Company are Mr Yang Jinming, Mr Liu Yeqiao, Mr Song Kangle, Ms Yan Shuqin, Mr Liu Zhongyuan and Mr Yang Xiaoping; and the independent non-executive directors of the Company are Mr Francis Siu Wai Keung, Dr. Xu Jinwu, Mr Anthony Francis Neoh, Ms Lee Boo Jin, Mr Noriharu Fujita and Mr Paul Chow Man Yiu.

Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.76 for illustration purpose only. No representation is made that any amounts in US\$ or HK\$ can be or could have been converted at the relevant date at the above rate or any other rates at all.