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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

DISPOSAL OF PROPERTY PURSUANT TO A TENDER

This announcement is made in accordance with Rule 13.09 of the Listing Rules.

The Board hereby announces that, after the closure of the tender on 8 November 2004, the Vendor, a wholly-owned subsidiary of the Company, accepted the Tender on 10 November 2004 to dispose of the Property to the Purchaser for a total consideration of HK\$351 million.

THE DISPOSAL

The Property

The Property, which is currently occupied by the Vendor as its banking headquarters, has a gross area of approximately 72,173 square feet.

The tender process and the formal agreement for sale and purchase of the Property

For the reasons described in the paragraph headed “Reasons for entering into the Disposal and for the leaseback of the Property” below, the Vendor has decided to sell the Property through a tendering process. After the closure of the tender on 8 November 2004, the Vendor, a wholly-owned subsidiary of the Company, accepted the Tender on 10 November 2004 to dispose of the Property to the Purchaser, an independent third party. Insofar as the Directors are aware, the Purchaser and its ultimate beneficial owner(s) are not connected persons (as defined in the Listing Rules) of the Company. Pursuant to the Conditions of Sale, a binding contract has been constituted

between the Vendor and the Purchaser upon the acceptance by the Vendor of the Tender and such contract has taken effect as of and from the date of such acceptance (i.e. 10 November 2004).

The parties will enter into a formal agreement for the sale and purchase of the Property on or before 1 December 2004.

Consideration for the Disposal

The consideration of HK\$351 million was the highest conforming bid received by the Vendor. The consideration shall be paid and satisfied by the Purchaser in cash in the following manner:

- (a) HK\$15 million, being the initial deposit, has been paid by the Purchaser to the Vendor upon submission of the Tender;
- (b) HK\$20.1 million, being the further deposit (equivalent to a sum of 10% of the consideration less the initial deposit mentioned above in (a) above), will be payable by the Purchaser to the Vendor on or before 1 December 2004 pursuant to the terms of the Conditions of Sale; and
- (c) HK\$315.9 million, being the remaining balance of the consideration, will be payable by the Purchaser to the Vendor on the Completion Date.

The Company expects to recognize in its income statement for the financial year ending 31 December 2005 a gain of approximately HK\$226.7 million as a result of the Disposal. Such figure has not yet taken into account the expenses arising therefrom.

Completion

The tender document has not laid down any conditions that have to be fulfilled before Completion. Completion shall, therefore, take place on the Completion Date at or before 1:00 p.m..

Leaseback of the Property

The Conditions of Sale provide that the Purchaser shall leaseback the 1st Premises and the 2nd Premises, which together comprise the Property, to the Vendor under 2 leases each for a period of 5 years commencing from the Completion Date. In respect of the 1st Premises, the Vendor has an option to renew the lease for a further period of 2 years at the then prevailing market rent after the expiry of the initial term of 5 years. In respect of the 2nd Premises, the Vendor has the right to early terminate the lease at any time after the first 2 years of the lease by the giving of not less than 6

months' written notice. The monthly rental for the 1st Premises for the first 3 years shall be HK\$750,000 while the monthly rental for the last 2 years shall be at the then prevailing market rent. The monthly rental for the 2nd Premises shall be HK\$500,000. The rentals for the 1st Premises and the 2nd Premises, which are exclusive of rates, other outgoings and government rent, was determined by reference to the prevailing market rentals of similar properties in the same vicinity.

The Vendor has the naming rights of the Property during the term and any extension of the lease of the 1st Premises and shall be responsible for the management of the 1st Premises, so long as the lease in respect of the whole Property subsists, and for the management of the 2nd Premises, so long as the lease in respect of the 2nd Premises subsists. In addition to the foregoing, the Vendor is also entitled to enjoy all its existing signages and will be entitled to put up any additional signages on the external walls of the 1st Premises or the 2nd Premises (as the case may be) which are permitted under the prevailing building regulations free of any charge or payment. In addition, for so long as the lease in respect of the 1st Premises subsists, the Purchaser shall not be allowed to put up or allow any persons (other than the Vendor) deriving title from it to put up any signage on the external walls of the 2nd Premises.

Reasons for entering into the Disposal and for the leaseback of the Property

The Disposal is part of the Vendor's premises rationalization plan to centralize its office premises in two sites (one at a prime location and the other at a lower cost site) in the medium- to long-term. In view of the fact that the floor space of Property is not large enough for efficient usage, and there has been keen market interest over the Property, the Vendor has decided to sell the Property through a tendering process to ensure transparency in the deal and to assure itself of the best price obtained. However, in the interim period, the Board is of the view that it would be commercially desirable for the Vendor to continue to carry on its banking operations at the Property, prior to completion of the aforesaid rationalization plan, and that a leaseback of the Property would give the Vendor greater flexibility in the implementation of such plan. Accordingly, the Vendor decided to enter into a leaseback arrangement with the successful bidder of the Property. (Please refer to the paragraph headed "Leaseback of the Property" above for further information on the leaseback arrangement.)

General

This announcement is made in accordance with Rule 13.09 of the Listing Rules.

Definitions

“Board”	the board of Directors;
“Company”	CITIC International Financial Holdings Limited (中信國際金融控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited;
“Completion”	the completion of the sale by the Vendor and the purchase by the Purchaser of the Property in accordance with the terms of the Conditions of Sale;
“Completion Date”	12 January 2005;
“Conditions of Sale”	the conditions of sale by tender in respect of the Property;
“Directors”	the directors of the Company as at the date of this announcement;
“Disposal”	the sale by the Vendor, and the purchase by the Purchaser, of the Property pursuant to the Conditions of Sale and the Tender;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Property”	Ka Wah Bank Centre (嘉華銀行中心) located at No. 232 Des Voeux Road Central, Hong Kong;
“Purchaser”	the purchaser of the Property;
“Tender”	the tender dated 8 November 2004 submitted by the Purchaser for the purchase of the Property which was offered for sale by tender;

- “Vendor” CITIC Ka Wah Bank Limited, a company incorporated in Hong Kong with limited liability and which is a wholly-owned subsidiary of the Company;
- “1st Premises” the basement, ground floor, 1st, 2nd and 3rd floors (inclusive of the external walls thereof) and the flat roof on the 4th floor of the Property; and
- “2nd Premises” the remaining parts of the Property, comprising the 4th (excluding the flat roof on the 4th floor) to 21st floors (inclusive) and the main roof (inclusive of the external walls thereof) of the Property. (The 14th floor of the Property has been designated as the “15th floor” and, accordingly, the 14th to 21st floors of the Property have been designated as “15th to 22nd floors”.)

By Order of the Board
Kyna Y. C. Wong
Company Secretary

Hong Kong, 10 November 2004

As at the date of this announcement, the Board comprises Mr. Kong Dan (Chairman), Mr. Chang Zhenming, Mrs. Chan Hui Dor Lam Doreen, Mr. Dou Jianzhong, Mr. Ju Weimin, Mr. Kong Siu Chee Kenneth, Mr. Lam Kwong Siu**, Mr. Liu Jifu, Mr. Lo Wing Yat Kelvin, Mr. Tsang Yiu Keung Paul**, Mr. Wang Dongming, Mr. Yang Chao, Mr. Zhang Enzhao and Mr. Zhao Shengbiao.

(** *Independent Non-executive Directors*)

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