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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)**

## **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF AN INTEREST IN CHINA CITIC BANK DESPATCH OF CIRCULAR**

The Company has despatched its circular in relation to the Acquisition on 30 June 2006.

The Company has been informed on 30 June 2006 that CITIC Group has injected into CNCB further capital of RMB5 billion in cash. Such capital injection will result in a decrease in the percentage equity interest of the Company in CNCB when the Independent Shareholders approve the Acquisition at the EGM to be held on 19 July 2006. Assuming that the Transaction Value is equivalent to the Approved Valuation and the Sale Interest translates to 19.9% of RMB23,225 million of the CNCB Group's audited consolidated net book value as at 31 December 2005, the interest of the Company in CNCB upon completion of the Acquisition and after taking into account the capital injection will be approximately 16.4%.

The Company confirms that it is in preliminary discussions regarding possible foreign strategic investment in the Company. The Company does not rule out the possibility that the same foreign strategic investor may also be considered as a potential strategic investor in CNCB. However, as at the date of this Announcement, no terms have been fixed and no decisions have been made on such foreign investor.

Reference is made to the announcement of the Company dated 31 March 2006 (the "Announcement"). Defined terms used herein shall have the same meaning as the defined terms in the Announcement.

### **DESPATCH OF CIRCULAR**

The Directors are pleased to announce that the circular in respect of the Acquisition has been despatched on 30 June 2006.

### **CAPITAL INJECTION BY CITIC GROUP IN CNCB AND DISTRIBUTION OF PROFITS**

The Company announces that it has been informed on 30 June 2006 that CITIC Group has injected further capital into CNCB in the sum of RMB5 billion by cash. The capital injection has been made consistent with CITIC Group's undertaking to assume responsibility for any additional capital requirements by CNCB prior to the investment by a strategic investor and/or the listing of CNCB, while assuring that the Company's equity interest in CNCB will not be less than 15% following the capital injection.

Based on the information provided by CITIC Group and CNCB, the purpose of the capital injection is to further enhance the capital base and Capital Adequacy Ratio ("CAR") of CNCB. Although CNCB's CAR of 8.11% as at 31 December 2005 is sufficient for the purposes of compliance with relevant PRC regulatory guidelines and PRC law, CITIC Group and CNCB believe that an enhanced capital base and improved CAR will be important to support CNCB's pace of growth and future development, and that the strengthened financial position of CNCB will enhance its attractiveness to potential investors, including the Company, prior to and for its planned listing.

The Sale Interest represents 19.9% of the capital interest in CNCB as at 31 December 2005 and therefore the Company's stake in CNCB will be diluted as a result of such capital injection by CITIC Group. The Company's percentage equity interest in CNCB on Completion will be reduced to a percentage equal to 19.9% of the net asset value of CNCB as at 31 December 2005 divided by the enlarged net asset value of CNCB as a result of the capital injection. For purposes of this calculation, net asset values both before and after the capital injection will be based on the Approved Valuation. The Company intends to equity account for its Sale Interest in CNCB after Completion.

Assuming that the Transaction Value is equivalent to the Approved Valuation and the Sale Interest translates to 19.9% of RMB23,225 million, which is CNCB Group's audited consolidated net book value as at 31 December 2005 in accordance with International Financial Reporting Standards, the interest of the Company in CNCB upon completion of the Acquisition and taking into account the capital injection will be approximately 16.4%.

Separately, as the consideration for the Sale Interest is based on the net asset value of CNCB as at 31 December 2005, and the Acquisition entitles the Company to the distribution of CNCB's net profits commencing upon the completion of the Acquisition, it is understood between the Company and CITIC Group that the profits of CNCB attributable to the period from 1 January 2006 to the date of Completion will be distributed only to CITIC Group.

## **STRATEGIC ALLIANCES**

The Company confirms that it is in preliminary discussions regarding possible foreign strategic investment in the Company. The Company does not rule out the possibility that the same foreign strategic investor may also be considered as a potential strategic investor in CNCB to ensure a closely co-ordinated strategy and plan of execution in developing the full potential of both banks. However, as at the date of this Announcement, no terms have been fixed and no decisions have been made on such foreign investor. Such foreign strategic alliance is deemed desirable by the Company to expedite the effort to establish global business capabilities and market reach for the CITIC international financial services brand, as well as to further raise the overall operating standards and efficiency of the Company.

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

Hong Kong, 30 June 2006

*As at the date of this announcement, the Chairman of the Company is Mr. Kong Dan; 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. Chang Zhenming, Mr. Chen Xiaoxian, 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, Wen Wei Po Post and Hong Kong Economic Times.*