

Press Release

CITIC International Financial Holdings Forges Strategic Alliance with BBVA To Realise Vision For Building CITIC International Banking Franchise

Possible Integration of BBVA's Asian Business into CIFH To Follow Initial 15% Stake Sale

(HONG KONG, 23 November 2006) CITIC International Financial Holdings Limited (stock code: 0183) (“CIFH” or the “Company”) announced that as part of its strategic vision to expand its regional capabilities and to build the CITIC international banking franchise, the Company has forged a strategic alliance with BBVA through an initial effective 15% (post CIFH’s acquisition in CNCB) shareholding in the Company. The stake sale will be satisfied by a combination of an issuance of new shares by CIFH, and a sale of existing CIFH shares by its parent CITIC Group (“CITIC” or the “Group”).

As part of the alliance agreement, the Company and BBVA will commence second-stage discussions to integrate their businesses in Asia, with a particular focus on the wholesale banking business, and target to complete these discussions within a six- to nine-month time frame. In addition to establishing a business cooperation framework, the second-stage discussions will also include the possible merger or acquisition of BBVA’s existing wholesale banking business in Asia by the Company and/or its wholly-owned subsidiary, CITIC Ka Wah Bank (“CKWB”), and a possible increase by BBVA of its shareholding interest in CIFH and/or a subscription for CKWB shares.

“As CITIC’s offshore financial flagship, the Company has been seeking opportunities to build regional competencies and to establish effective global linkages for our commercial banking platform. The strategic alliance with BBVA will give us access to BBVA’s world class banking

expertise, regional capabilities and powerful global distribution network. Moreover, BBVA's outstanding international franchise and their commitment and success in high growth markets and regions offer an ideal fit for our ambitions. We are confident that this strategic alliance will further strengthen CKWB's foundations as a strong offshore PRC bank that combines the best practices of the East and the West," said Mr. Dou Jianzhong, Chief Executive Officer of the CIFH.

BBVA is one of the leading global banks with operations that span retail, wholesale and investment banking businesses in 32 countries. It is currently the leading bank by assets in Spain, and has a strong presence in the European and Latin American markets. As at 31 December 2005, BBVA had total assets of approximately EUR 392 billion (or HK\$3,930 billion), and reported net profit for the full year of 2005 of approximately EUR 3.8 billion (or HK\$38 billion).

BBVA currently has several operating units in Asia strategically located to complement its franchise. Apart from its regional headquarters in Hong Kong, it also has branches in Tokyo and Singapore as well as representative offices in China, Korea and Australia. It currently employs about 110 staff in the region, and has total assets of approximately HK\$20 billion.

"The increasing significance of trade flows from and to China, particularly those involving Europe and Latin America, are presenting enormous global trade finance opportunities. BBVA's strong position in Latin America will become a competitive advantage to be leveraged in the Asian market. Our second-stage discussions will allow BBVA to fully commit to using CIFH as its platform in Asia. CIFH is to be the origination centre of Asian products to be distributed through BBVA's global markets, and as the distribution centre of local and global products for Asian clients," said Mr. Dou.

Pursuant to BBVA's Share Subscription Agreement with CIFH, it has agreed to subscribe for, and the Company has agreed to allot, 668,574,374 Shares ("Subscription Shares") at a price of HK\$5.83 each ("Subscription Price"). The Subscription Consideration is HK\$3,897,788,600 and will be payable in cash on completion, targeted on or before 29 March 2007.

The Subscription Price represents a premium of approximately 9.2% to the average closing price per share of approximately HK\$5.34 per share as quoted on the Stock Exchange of Hong Kong from 10 October 2006 to 21 November 2006, both dates inclusive, being the last 30 trading days

of CIFH's shares immediately before the date on which they were suspended for trading pending the announcement of this transaction.

The Subscription Shares represent approximately 19.8% of the existing issued share capital of the Company of 3,378,515,405 Shares as at the date of the Share Subscription Agreement and approximately 16.5% of the Company's issued share capital as enlarged by the Subscription. Post CIFH's acquisition in CNCB, the Subscription Shares represent 12.0% of the Company's enlarged capital base.

Concurrently, CITIC has agreed to sell and BBVA has agreed to purchase 167,143,593 shares of CIFH ("Sale Shares") at HK\$5.83 per Share, representing a total consideration of HK\$974,447,147. The Sale Shares represent approximately 4.9% of the existing issued share capital of the Company of 3,378,515,405 Shares as at the date of the Share Subscription Agreement and approximately 4.1% of the Company's issued share capital as enlarged by the Subscription. Post CIFH's acquisition in CNCB, the Sale Shares represent 3.0% of the Company's enlarged capital base.

Subject to the completion of the Subscription Agreement, BBVA will be entitled to nominate two directors to the Board of CIFH.

The net proceeds from the Subscription of approximately HK\$3,890 million will be used to strengthen CIFH's capital base and support its future development, including financing the additional funding requirements of the Company in respect to its topping up of interest in CNCB. The Subscription is conditional upon, among other things, the approval of the Shareholders at an Extraordinary General Meeting ("EGM") and the Stock Exchange granting listing of and permission to deal in the Subscription Shares.

The shares of CIFH will resume trading on the Stock Exchange at 9:30 a.m. on Friday, 24 November 2006.

Separately, commenting on the progress of CIFH's proposed stake acquisition in China CITIC Bank ("CNCB") ("Original Investment"), Mr. Dou said that the Ministry of Finance in the PRC has approved the State Valuation of CNCB, which confirmed the total consideration of the

Original Investment at HK\$5,172 million (subject to final adjustments depending on HKD:RMB exchange rate).

“We are on track to fulfilling all conditions to the Sales and Purchase Agreement (“SPA”) with CITIC before the end of 2006, and the completion of the transaction will be shortly thereafter,” he said.

Meanwhile, CITIC plans to plough back a portion of CNCB’s estimated 2006 profits into CNCB prior to the establishment of the CNCB joint stock company. However, CIFH’s stake in CNCB will remain at least 15%, as provided for in the SPA.

In support of CNCB’s preparation for their listing, the Company has entered into two agreements with CITIC and CNCB which will be presented to our shareholders for approval at the upcoming EGM, namely, a memorandum of understanding that forms the basis of aligning the resources of the respective parties for synergistic fit and of avoiding direct competition, and a Top Up Agreement to enable CIFH to subscribe additional shares in CNCB to maintain its 15% minimum stake.

JPMorgan acted as the exclusive financial advisor for CIFH on the strategic investor transaction.

CITIC International Financial Holdings Limited

CITIC International Financial Holdings Limited (“CIFH”), which is listed on The Stock Exchange of Hong Kong Limited (stock code: 183), is the financial flagship of the CITIC Group (“CITIC”) outside Mainland China. CIFH is approximately 54%-owned by CITIC and is the holding company of CITIC Ka Wah Bank Limited (“CKWB”), a Hong Kong incorporated licensed bank, and CITIC International Assets Management Limited, an asset management company which specialises in distressed asset management, direct investments and financial advisory services. CIFH also holds 50% of CITIC Capital Holdings Limited, which focuses on businesses of asset management, private equity, real estate financing, structured finance and financial advisory.

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