

Press Release

CITIC International Financial Holdings Introduces Foreign Strategic Shareholders to Strengthen Direct Investment Capabilities of its Asset Management Arm

(HONG KONG, 4 December 2006) CITIC International Financial Holdings Limited (stock code: 0183) (“CIFH” or the “Company”) today announced that the Company and its wholly-owned subsidiary, CITIC International Assets Management Limited (“CIAM”), have entered into a share transfer and subscription agreement (“STS Agreement”) with three overseas investors, pursuant to which the three overseas investors will invest HK\$1,400 million in aggregate in CIAM in exchange for a combined 60% stake in CIAM’s enlarged share capital.

Pursuant to the STS Agreement, Asset Managers Co., Ltd. (“AMC”), Ithmaar Bank B.S.C. (“Ithmaar Bank”) and Mega Rider Offshore Ltd. (“MRO”) will respectively purchase CIAM’s existing shares (“Sale Shares”) from CIFH and subscribe for new shares (“New Shares”) in CIAM. Upon completion of the transaction, the respective shareholdings by AMC, Ithmaar Bank and MRO in CIAM will be 25%, 20% and 15%, respectively. CIFH’s intention is to remain the single largest shareholder of CIAM in the foreseeable future.

CIAM was formally established in 2002 to specialise in distressed asset management, in particular to manage and recover a portfolio of non-performing loans as part of CIFH’s reorganisation in 2002. As part of its efforts to explore new revenue streams leveraging on cashflows generated from recovered assets, CIAM has also built up over the years a team of seasoned investment professionals with experience in managing direct investment projects in Mainland China. Its current portfolio of direct investments ranges from consumer products to retail network, real estate to high tech industrial projects.

“CIAM has made significant progress over the past few years, and has already successfully reduced its distressed assets by close to 50% by the end of June 2006. It is well on track to

complete its historical mandate of distressed assets resolution, and we believe it is now the opportune time for CIAM to hone its business focus to place emphasis on its direct investment efforts,” said Mr. Chang Zhenming, Vice Chairman of CIFH and Chairman of CIAM.

“The unique mix of investors will create synergies for CIAM by allowing it to capitalise on their respective know-how in direct investments and to broaden its access to the investors’ networks in the Middle East, Japan and other parts of Asia. Meanwhile, the strategic stake investment in CIAM will also offer a unique opportunity for these overseas investors to take advantage of CIAM’s deep knowledge and expertise in direct investments in Mainland China”, he added.

AMC is a company incorporated in Japan and the shares of which are listed on the Nippon New Market, “Hercules” of Osaka Securities Exchange Co., Ltd.. Asset Managers primarily engages in merchant banking business such as real estate fund, M&A and other businesses.

Ithmaar Bank is a Bahrain joint stock company established and registered in the Kingdom of Bahrain, the shares of which are listed on the Bahrain Stock Exchange. Ithmaar Bank operates as an investment bank throughout the Middle East, North Africa, Asia and Europe and is regulated by the Central Bank of Bahrain. Apart from holding significant investments in the banking and financial services sectors in various markets, its major business activities include private equity, asset management, advisory business, project financing and equity underwriting business.

MRO is incorporated in British Virgin Islands and is an investment holding company. Each of Mr. Zhang Shikeng and Madam Zhou Xingchen holds a 50% beneficial interest in MRO. Mr. Zhang and Madam Zhou are business persons with businesses in the PRC and Southeast Asia region.

The total consideration for the Sale Shares amount to HK\$394 million, and shall be payable on the completion date (“Completion Date”) of the STS Agreement, currently expected to be 18 December 2006. The total subscription monies for the New Shares amount to HK\$1,006 million, and shall be payable in cash instalments, with the first instalment due on the Completion Date and the balance made upon one or more calls from time to time within a period of two years following the Completion Date.

CITIC International Financial Holdings Limited

CITIC International Financial Holdings Limited (“CIFH”), which is listed on The Stock Exchange of Hong Kong Limited (stock code: 0183), is the financial flagship of the CITIC Group (“CITIC”) outside Mainland China. CIFH is approximately 52%-owned by CITIC as at 30 November 2006 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 advisory services. CIFH also holds a 50% stake in CITIC Capital Holdings Limited, which is a China-focused investment management and advisory firm.

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