



PRESS RELEASE

9 January 2017

CITIC Limited, CITIC Capital, The Carlyle Group and McDonald's Form Strategic Partnership to Expand In Mainland China and Hong Kong

New Partnership Will Become the Largest McDonald's Franchisee Outside the United States

CITIC Limited (SEHK:00267, "CITIC"), CITIC Capital Holdings ("CITIC Capital"), The Carlyle Group (NASDAQ: CG, "Carlyle") and McDonald's Corporation (NYSE: MCD, "McDonald's") today announced the formation of a partnership and company that will act as the master franchisee responsible for McDonald's businesses in mainland China and Hong Kong for a term of 20 years.

The total consideration payable by the new company to acquire McDonald's mainland China and Hong Kong business is up to US\$2.08 billion (approximately HK\$16.14 billion). The consideration will be settled by cash and by new shares in the company issued to McDonald's. After completion of the transaction, CITIC and CITIC Capital will have a controlling stake of 52%, while Carlyle and McDonald's will have interests of 28% and 20%, respectively.

The partnership will use its combined expertise and resources to accelerate growth in McDonald's business through new restaurant openings, particularly in tier 3 and 4 cities, and to improve sales performance in existing restaurants. The focus will be on key areas such as menu innovation, enhanced restaurant convenience, retail digital leadership and delivery. It intends to add over 1,500 restaurants in China and Hong Kong over the next five years.

McDonald's CEO Steve Easterbrook said, "China and Hong Kong represent an enormous growth opportunity for McDonald's. This new partnership will combine one of the world's most powerful brands and our unparalleled quality standards with partners who have an unmatched understanding of the local markets and bring enhanced capabilities and new partnerships, all with a proven record of success. By working together, we will unlock even faster growth and be closer to the customers and communities we serve as McDonald's works to be the leading Quick Service Restaurant across the Chinese mainland and Hong Kong."

China's consumer sector is growing rapidly, benefiting from continued urbanisation, 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 dining out, particularly in tier 3 and 4 cities where there is great growth potential. As such, the market for Western Quick Service Restaurants is expected to continue to grow rapidly.

For CITIC, this investment offers a chance to deepen its exposure to the consumer sector, which is poised to be the main driver of China's economy for decades to come. This transaction is another step in CITIC's efforts to better balance its financial and non-financial businesses. CITIC also sees opportunities for synergies with its existing businesses.

Mr Chang Zhenming, Chairman of CITIC Limited, commented: "We believe CITIC's unique platform and its extensive resources will enable us to help realise McDonald's full potential in China. Together with our partners, we will devote ourselves to continue upholding McDonald's extremely high standards of food quality and service. Importantly, this is also a strategic opportunity for CITIC to invest in the expanding Chinese consumer sector. McDonald's extensive network and consumer base will provide us with invaluable insights, which we will leverage to the benefit of our existing businesses."

For Carlyle, this investment offers the chance to partner with an iconic brand with sizeable market share and growth potential in China. Carlyle has years of strong investment and operating experience in the global consumer and retail sector, and is well positioned to drive further growth of the new company. Equity for this transaction will come from Carlyle Asia Partners IV. Carlyle has invested more than US\$7 billion of equity in approximately 90 transactions in China, as of 30 September 2016.

Mr X.D. Yang, Managing Director and Co-Head of the Asia buyout team of The Carlyle Group, will serve as Vice Chairman of the board of the new company. He said, "Carlyle and CITIC have a strong history of partnering together. Today, we are pleased to cooperate with CITIC again, alongside McDonald's, on one of our largest deals in China. This substantial investment demonstrates our confidence in the strength of the Chinese consumer."

Mr Yichen Zhang, Chairman and CEO of CITIC Capital, will serve as Chairman of the board of the new company. He said, "McDonald's core business proposition and potential in China is clear. We will work closely with the existing management team and partners, including Beijing Capital Agribusiness Group, to respond to local market expectations and continue to expand and improve the business to meet the needs of the Chinese consumer."

As part of its turnaround plan announced in May of 2015, McDonald's committed to refranchising 4,000 restaurants by the end of 2018, with the long-term goal of becoming 95% franchised. As a result of this transaction, McDonald's is refranchising more than 1,750 company-owned stores in China and Hong Kong.

As of 31 December 2016, McDonald's operates and franchises over 2,400 restaurants in mainland China and more than 240 restaurants in Hong Kong. It has built one of the strongest brand names and most robust systems in the region over the past three decades. Currently employing over 120,000 staff and serving over one billion customers annually in

China, McDonald's is the second largest Quick Service Restaurant chain in China and the largest in Hong Kong.

Upon completion of the transaction, the new company will have a board of directors with representatives from CITIC, CITIC Capital, Carlyle and McDonald's. McDonald's existing management team will continue to lead the business.

The deal is contingent upon relevant regulatory approvals. The deal is expected to close in mid-2017.

This press release should be read in conjunction with the full text of the HKEX Announcement dated 9 January 2017, which is available on www.hkex.com.hk.

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About CITIC Limited

CITIC Limited 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's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising from China's continued growth. CITIC Limited is listed on the Stock Exchange of Hong Kong (SEHK: 00267), where it is a constituent of the Hang Seng Index. CITIC Group, a Chinese state owned enterprise, owns 58% of CITIC Limited. For more information about CITIC Limited, please visit the company website at www.citic.com.

About CITIC Capital

Founded in 2002, CITIC Capital is an alternative investment management and advisory company. The firm manages over US\$8 billion of capital from a diverse group of international and Chinese investors. Core businesses include Private Equity, Real Estate, Structured Investment and Finance, Asset Management and Venture. CITIC Capital currently employs over 200 staff members throughout its offices in Hong Kong, Shanghai, Beijing, Shenzhen, Tokyo and New York. The firm combines a deep knowledge of the Chinese business and financial markets with world-class investment expertise to create and maximize value for its investors.

About The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with US\$169 billion of assets under management across 125 funds and 177 fund of funds vehicles as of 30 September 2016. Carlyle is one of the largest investors in China, having pursued approximately 90 investments over almost 20 years in China. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including aerospace, defence & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,625 people in 35 offices across six continents.

About McDonald's

McDonald's is the world's leading global foodservice retailer with over 36,000 locations in over 100 countries. More than 80% of McDonald's restaurants worldwide are owned and operated by independent local business men and women.

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