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CITIC Limited
中國中信股份有限公司

(於香港註冊成立的有限公司)
(股份代號：00267)

VOLUNTARY ANNOUNCEMENT

**UPDATE ON THE PROPOSED RESTRUCTURING OF
DAYE SPECIAL STEEL**

Reference is made to the voluntary announcement of CITIC Limited dated 24 December 2018 in relation to the proposed restructuring of Daye Special Steel, an indirect non-wholly-owned subsidiary of CITIC Limited, through an acquisition of controlling interest in Xingcheng Special Steel, another indirect non-wholly-owned subsidiary of CITIC Limited.

On 2 January 2019, Daye Special Steel entered into the Assets Purchase Agreement (which will come in force upon the satisfaction or waiver of a number of conditions precedent set out below) with the Sell Side Companies to acquire 86.50% equity interest in Xingcheng Special Steel in consideration of issuing the Consideration Shares.

The principal terms of the Assets Purchase Agreement are set out below:

- Date:** 2 January 2019
- Parties:** (1) Daye Special Steel (as the buyer);
(2) the Sell Side Companies (as the seller); and
(3) Xingcheng Special Steel (as the target company)
- Subject Matter:** the 86.50% equity interest in Xingcheng Special Steel held by the Sell Side Companies in aggregate, consisting of
(1) 76.50% equity interest in Xingcheng Special Steel held by CP Special Steel Investment; and

(2) 10% equity interest in Xingcheng Special Steel held by Xingcheng's Other Shareholders in aggregate

Consideration: The reference Consideration for the purposes of the Assets Purchase Agreement is RMB23,182.00 million, and the actual Consideration will be finally determined by reference to the appraised value of the Target Shares in the valuation report prepared by a qualified valuer and filed with the competent state assets supervisory authority of the PRC.

The Consideration will be satisfied by the issue of the Consideration Shares by Daye Special Steel to the Sell Side Companies at an issue price of RMB10.00 per Consideration Share which is subject to adjustment if there is any ex-rights and/or ex-dividend event such as payment of dividends, bonus issue, capitalization of capital reserve, new share issue or rights issue in relation to the shares of Daye Special Steel during the relevant period.

Conditions Precedent: the Assets Purchase Agreement will come in force upon the satisfaction (or waiver) of the following conditions precedent:

- 1) Daye Special Steel having obtained the approval from its board of directors and its shareholders at a general meeting for the Proposed Restructuring;
- 2) the Sell Side Companies having obtained the approval from competent internal organizations in accordance with their respective constitutional documents or internal regulations for the Proposed Restructuring;
- 3) Xingcheng Special Steel having obtained the approval from its board of directors for the Proposed Restructuring;
- 4) the valuation report on the Target Shares having been filed with the competent state assets supervisory authority of the PRC;
- 5) having obtained approvals from the competent state assets supervisory authority of the PRC for the Proposed Restructuring;
- 6) having obtained approvals from China Securities Regulatory Commission for the Proposed Restructuring; and
- 7) having obtained all other necessary approval, permission or consent from competent authorities (where applicable).

Upon completion of the Proposed Restructuring, Daye Special Steel would hold 86.50% equity interest in Xingcheng Special Steel with the remaining 13.50% equity interest continuing to be held by CP Special Steel Investment, and the indirect equity interest held by CITIC Limited in Daye Special Steel is expected to increase from 58.13% to approximately 83.52% based on the preliminary valuation of the Target Shares. As such, Daye Special Steel and Xingcheng Special Steel will remain indirect non-wholly-owned subsidiaries of CITIC Limited upon completion of the Proposed Restructuring, and their respective financial results will continue to be consolidated in the financial statements of CITIC Limited.

The Assets Purchase Agreement is not yet in force and the Proposed Restructuring may or may not proceed, or may proceed on further or other terms. The Company will make further announcement(s) as appropriate if further definitive agreement(s) is/are entered into.

Reasons for and Benefits of the Proposed Restructuring

(1) Unlock the value of the special steel business

The Proposed Restructuring is expected to unlock the true value of the special steel business of CITIC Limited through the capital markets and to maximize shareholder value for CITIC Limited's shareholders.

(2) Further consolidation of the special steel business of CITIC Limited while increasing transparency and corporate governance

The Proposed Restructuring will integrate and further streamline the special steel business of CITIC Limited, bringing greater synergies across the business. It will also enhance the level of disclosure and transparency of the special steel business of CITIC Limited for shareholders.

(3) Enhance financing capabilities to pursue opportunities in special steel sector

The Proposed Restructuring will enable the special steel business of CITIC Limited to tap the capital markets and gain greater access to financing options. This will better position the business for pursuing opportunities that arise in the special steel sector.

For further information, please refer to the announcement published by Daye Special Steel on the website of Shenzhen Stock Exchange at the following hyperlink (Chinese only):

http://www.cninfo.com.cn/cninfo-new/disclosure/szse/bulletin_detail/true/1205705481?announceTime=2019-01-03

GENERAL INFORMATION

CITIC Limited

CITIC Limited is one of China's largest conglomerates. Among its diverse global businesses, CITIC Limited focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. CITIC's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising in China and overseas. CITIC Limited is listed on the Stock Exchange, where it is a constituent of the Hang Seng Index.

Daye Special Steel

Daye Special Steel, a joint stock company with limited liability incorporated in the PRC, is an indirect non-wholly-owned subsidiary of CITIC Limited. Its shares are listed on the main board of Shenzhen Stock Exchange (stock code: 000708). CITIC Limited indirectly holds 58.13% equity interest in Daye Special Steel as at the date of this announcement.

Xingcheng Special Steel

Xingcheng Special Steel, a limited liability company incorporated in the PRC, is an indirect non-wholly-owned subsidiary of CITIC Limited.

Sell Side Companies

General information of the Sell Side Companies is set out below:

CP Special Steel Investment

CITIC Pacific Special Steel Investment Limited (中信泰富特鋼投資有限公司), a limited liability company incorporated in the PRC, is an indirect wholly-owned subsidiary of CITIC Limited. Its primary business is investment holding. As at the date of this announcement, it holds 90% equity interest in Xingcheng Special Steel.

Xingcheng's Other Shareholders

Jiangyin Xintai Investment Enterprise (Limited Partnership) (江陰信泰投資企業(有限合夥)), Jiangyin Xinfu Investment Enterprise (Limited Partnership) (江陰信富投資企業(有限合夥)), Jiangyin Yangtai Investment Enterprise (Limited Partnership) (江陰揚泰投資企業(有限合夥)), Jiangyin Yetai Investment Enterprise (Limited Partnership) (江陰冶泰投資企業(有限合夥)) and Jiangyin Qingtai Investment Enterprise (Limited Partnership) (江陰青泰投資企業(有限合夥)), all limited partnerships incorporated in the PRC, are other shareholders of Xingcheng Special Steel. As at the date of this announcement, these five limited partnerships hold 10% equity interest in Xingcheng Special Steel in aggregate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Assets Purchase Agreement”	an assets purchase agreement entered into among Daye Special Steel, Xingcheng Special Steel and the Sell Side Companies on 2 January 2019 in relation to the Proposed Restructuring, and which will come in force upon the satisfaction or waiver of a number of conditions precedent, as set out in this announcement
“Board”	the board of directors of CITIC Limited
“CP Special Steel Investment”	CITIC Pacific Special Steel Investment Limited (中信泰富特鋼投資有限公司), a limited liability company incorporated in the PRC, which is an indirect wholly-owned subsidiary of CITIC Limited
“Consideration”	the total price to be paid by Daye Special Steel to the Sell Side Companies for the Target Shares
“Consideration Shares”	the domestic listed shares (A share) with a par value of RMB1.00 to be issued by Daye Special Steel to the Sell Side Companies to satisfy the Consideration pursuant to the Assets Purchase Agreement
“Daye Special Steel”	Daye Special Steel Co., Ltd. (大冶特殊鋼股份有限公司), a joint stock company with limited liability established in the PRC, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000708). It is an indirect non-wholly-owned subsidiary of CITIC Limited

“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Proposed Restructuring”	the proposed acquisition of 86.50% equity interest in Xingcheng Special Steel held by the Sell Side Companies through issuing the Consideration Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Sell Side Companies”	the shareholders of Xingcheng Special Steel, being CP Special Steel Investment, and Xingcheng’s Other Shareholders
“Target Shares”	the 86.50% equity interest in Xingcheng Special Steel held by the Sell Side Companies
“Xingcheng’s Other Shareholders”	Jiangyin Xintai Investment Enterprise (Limited Partnership) (江陰信泰投資企業（有限合夥）), Jiangyin Xinfu Investment Enterprise (Limited Partnership) (江陰信富投資企業（有限合夥）), Jiangyin Yangtai Investment Enterprise (Limited Partnership) (江陰揚泰投資企業（有限合夥）), Jiangyin Yetai Investment Enterprise (Limited Partnership) (江陰冶泰投資企業（有限合夥）) and Jiangyin Qingtai Investment Enterprise (Limited Partnership) (江陰青泰投資企業（有限合夥）), all limited partnerships incorporated in the PRC, which are other shareholders of Xingcheng Special Steel.
“Xingcheng Special Steel”	Jiangyin Xingcheng Special Steel Works Co., Ltd.(江陰興澄特種鋼鐵有限公司), a limited liability company established in the PRC and an indirect non-wholly-owned subsidiary of CITIC Limited

By Order of the Board
CITIC Limited
Ricky Choy Wing Kay Wang Kang
Joint Company Secretaries

Hong Kong, 2 January 2019

As at the date of this announcement, the executive directors of CITIC Limited are Mr. Chang Zhenming (Chairman), Mr. Wang Jiong, Ms. Li Qingping and Mr. Pu Jian; the non-executive directors of CITIC Limited are Mr. Song Kangle, Ms. Yan Shuqin, Mr. Liu Zhuyu, Mr. Peng Yanxiang, Mr. Liu Zhongyuan, Mr. Yang Xiaoping and Mr. Wu Youguang; and the independent non-executive directors of CITIC Limited are Mr. Francis Siu Wai Keung, Dr. Xu Jinwu, Mr. Anthony Francis Neoh, Ms. Lee Boo Jin, Mr. Paul Chow Man Yiu and Mr. Shohei Harada.