



## **PRESS RELEASE**

2 January 2019

### **CITIC Restructures Special Steel Business to Unlock Shareholder Value**

CITIC Limited ("CITIC") today announced the restructuring of its special steel business, effectively consolidating the assets of this business under the Shenzhen listed entity Daye Special Steel (000708.SZ).

Daye Special Steel, in which CITIC indirectly owns a 58.13% equity interest, signed an agreement to acquire an 86.5% interest in Jiangyin Xingcheng Special Steel Co., Ltd. ("Xingcheng Special Steel") through the issuance of new shares at RMB10 per share. Currently, Xingcheng Special Steel's assets include four special steel plants, one pellet plant and one coking coal plant, representing all major CITIC's special steel business. CITIC indirectly holds a 90% interest in Xingcheng Special Steel.

The total consideration of the transaction has been preliminarily set at RMB23.18 billion. Upon completion of the transaction, CITIC Limited is expected to hold 83.52% of the enlarged Daye Special Steel.

CITIC's special steel business is managed by CITIC Pacific Special Steel. As the largest dedicated special steel manufacturer in China, CITIC Pacific Special Steel has an annual production capacity of 13 million tonnes. Its major products include bar steel, plates, seamless steel tubes, wire steel, forging steel and casting billets. These products are widely used in auto components, energy, machinery manufacturing, oil and petrochemicals, transportation, shipbuilding and other industries.

#### **Transaction Rationale and Benefits**

- **Unlock the value of the special steel business**

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

- **Further consolidation of CITIC's special steel business while increasing transparency and corporate governance**

The transaction will integrate and further streamline CITIC's special steel business, bringing greater synergies across the business. It will also enhance the level of disclosure and transparency of CITIC's special steel assets for shareholders.

▪ **Enhance financing capabilities to pursue opportunities in special steel sector**

The transaction will enable CITIC's special steel business 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.

Chang Zhenming, Chairman of CITIC Limited, said, "The special steel business is a key component of CITIC's non-financial sector. By restructuring and listing our special steel assets, the capital markets can properly value this business for the benefit of all our shareholders."

Yu Yapeng, Daye Special Steel Chairman, said, "This transformational transaction will put our steel business in a much stronger position to maximise future growth opportunities."

The transaction is subject to approval by Daye Special Steel's shareholders at a general meeting and by the relevant regulators.

*This press release should be read in conjunction with CITIC Limited's 'HKEX Announcement dated 2 January 2019 on [www.hkex.com.hk](http://www.hkex.com.hk) as well as Daye Special Steel's Shenzhen Stock Exchange Announcement dated 2 January 2019 on [www.szse.cn](http://www.szse.cn).*

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**About CITIC Limited**

CITIC Limited (SEHK: 267) 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 of Hong Kong, where it is a constituent of the Hang Seng Index. CITIC Group Corporation, 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](http://www.citic.com).

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