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DAMENG

CITIC Dameng Holdings Limited

中信大錳控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

HALF YEAR PROFIT WARNING AND ANNUAL POSITIVE PROFIT ALERT

This announcement is made by CITIC Dameng Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of the Company wishes to inform the shareholders and potential investors of the Company that the Company and its subsidiaries (the “**Group**”) is expected to record a substantial decrease in the profit attributable to the shareholders for the six months ending 31 December 2011 as compared to the corresponding period last year. However, the Company is expected to record a substantial increase in profit attributable to the shareholders for the year ending 31 December 2011 as compared to the corresponding period last year.

The expected decrease of the profit attributable to the shareholders for the six months ending 31 December 2011 as compared to the corresponding period last year is mainly attributable to (i) the option expenses incurred as a result of the grant of share options by the Company on 11 January 2011, (ii) the Company does not record any material gain on revaluation of investment property for the six months ending 31 December 2011 as compared to the corresponding period last year, and (iii) the impact on the market demand of steel as a result of the continuous tightening of liquidity and other economic control measures in China in the fourth quarter led to the slide in the Company’s product prices in the fourth quarter but the raw material prices have increased.

The expected increase of profit attributable to the shareholders for the year ending 31 December 2011 as compared to the corresponding period last year is mainly attributable to the one-off gain on bargain purchase upon completion of acquisition of 貴州遵義匯興鐵合金有限責任公司 (Guizhou Zunyi Hui Xing Ferroalloy Limited Company) in May 2011, details of which have been disclosed in the Company’s interim report for the six months ended 30 June 2011.

Information pertaining to the six months ending 31 December 2011 and contained in this announcement is based on our management's preliminary review and assessment of draft internal unaudited management accounts of the Group currently available and is not based on any figures or financial information that have been audited or reviewed by the Company's auditors. The Company will soon prepare the annual results and detailed information regarding the annual results of the Group will be disclosed in the forthcoming annual results, which are expected to be published on or before 31 March 2012.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
CITIC DAMENG HOLDINGS LIMITED
Qiu Yiyong
Chairman

Hong Kong, 28 December 2011

As at the date of this announcement, the executive Directors are Mr. Qiu Yiyong, Mr. Li Weijian and Mr. Tian Yuchuan; the non-executive Directors are Mr. Mi Zengxin, Mr. Zeng Chen and Mr. Chen Jiqu; and the independent non-executive Directors are Mr. Yang Zhi Jie, Mr. Mo Shijian and Mr. Tan Zhuzhong.

**For identification purpose only*