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SINO DRAGON NEW ENERGY HOLDINGS LIMITED 中國龍新能源控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0395)

CLARIFICATION ANNOUNCEMENT

The board of directors (the “**Board**”) of Sino Dragon New Energy Holdings Limited (the “**Company**”) recently noted the contents of various media reports in which certain information in relation to the Company were reported.

The Board would like to clarify certain information as follows:

1. the Company is interested in certain new energy related projects only and is considering possible acquisition of a polysilicon related project in Jiangsu Province, the People’s Republic of China. As at the date of this announcement, the Company has not started any negotiations in relation to the above project and no letter of intent has been entered into with the counter party;
2. in relation to the potential acquisition of Shanxi Eurofo Green Energy Co., Ltd. (“**Shanxi Eurofo**”) which was disclosed in the Company’s announcement dated 9 December 2009, the Company is still undergoing negotiations with the vendors and as at the date of this announcement, no definitive agreement and amount of consideration in relation to the potential acquisition have been concluded. Further, no timetable has been formulated by the Board to materialize the acquisition by March 2010 as reported by the media;
3. save for the potential acquisition of Shanxi Eurofo which is still under negotiations, as at the date of this announcement, no negotiations and definitive agreements have been concluded by the Company for other projects;
4. as at the date of this announcement, the Company does not have any plan for further financing.

Other than the above, there are no other matters that need to draw the attention of the shareholders of the Company.

By order of the Board
Sino Dragon New Energy Holdings Limited
Yang Xin Min
Chairman

Hong Kong, 2 February 2010

As at the date of this announcement, the Directors of the Company are Mr. Yang Xin Min, Ms. Huang Yue Qin, Mr. Zhou Quan, Mr. Li Fu Ping and Mr. Fang Guo Hong as Executive Directors, Mr. Cheng Faat Ting Gary, Prof. Ji Chang Ming and Mr. Poon Lai Yin Michael as Independent Non-Executive Directors.

** for identification purposes only*