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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)

GRANT OF OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Sino Dragon New Energy Holdings Limited (the “**Company**”) hereby announces that on 31 May 2010, the Company has granted options (the “**Options**”) to the following eligible persons (“**Grantee(s)**”) to subscribe for 6,400,000 ordinary shares of a nominal value of HK\$0.05 each (“**Share(s)**”) in the share capital of the Company at an exercise price of HK\$0.261 pursuant to the share option scheme (the “**Share Option Scheme**”) adopted by the Company on 24 September 2002 and amended on 27 June 2008.

Options granted to the directors and senior management were as follows:

Name of Grantee	Number of options granted
<i>Executive Directors</i>	
Yang Xin Min (Chairman)	1,600,000
Huang Yue Qin	600,000
Zhou Quan	600,000
Li Fu Ping	600,000
Fang Guo Hong	600,000
<i>Independent non-executive Directors</i>	
Cheng Faat Ting Gary	200,000
Ji Chang Ming	200,000
Poon Lai Yin Michael	200,000
<i>Certain senior management</i>	1,800,000

The closing price of the Shares quoted on the Stock Exchange on the date of grant was HK\$0.250 per Share.

Under the Share Option Scheme, options are exercisable for a period of five years from the date of grant.

In accordance with Rule 17.04(1) of the Listing Rules, the grant of the Options to the executive Directors and the substantial shareholder of the Company have been approved by the independent non-executive Directors.

Save as disclosed in this announcement, none of the Grantee is a director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

By Order of the Board
SINO DRAGON NEW ENERGY HOLDINGS LIMITED
Yang Xin Min
Chairman

Hong Kong, 31 May 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.