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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)

PROFIT WARNING

This announcement is made by Sino Dragon New Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a consolidated net loss for the six months ended 30 June 2012 as compared to a consolidated net profit for the same period in 2011.

The Board wishes to inform the Shareholders and potential investors that the unsatisfactory business performance as a consequence of the challenging operating environment faced by the Group in the first half of 2012 led to a consolidated net loss for the six months ended 30 June 2012 as compared to a consolidated net profit for the same period in 2011.

The Company is in the process of finalizing the interim results of the Group for the six months ended 30 June 2012 and this profit warning announcement is only based on the preliminary assessment of the information currently available to the Company. Details of the Group’s interim results and performance will be disclosed when the interim results of the Group for the six months ended 30 June 2012 is announced.

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

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

Hong Kong, 16 August 2012

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. Wang Jia Wei as Non-Executive Director and Dr. Cheng Faat Ting Gary, Prof. Ji Chang Ming and Mr. Poon Lai Yin Michael as Independent Non-Executive Directors.

** for identification purposes only*