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NewOcean Green Energy Holdings Limited **(新海環保能源集團有限公司)***

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

Executive Directors:

Shum Siu Hung (*Chairman*)
Chiu Sing Chung, Raymond (*Managing Director*)
Shum Chun, Lawrence
Wu Hong Cho
Cen Ziniu

Independent Non-executive Directors:

Cheung Kwan Hung, Anthony
Young Wing Chun, Michael Frederick
Ma Man Hoi, Joseph
Chan Yuk Wai, Benedict

Registered office:

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2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place of
business:*

20th Floor, Times Tower
393 Jaffe Road, Wanchai
Hong Kong

April 18, 2006

To the Shareholders

Dear Sir or Madam,

This is an explanatory statement required to be sent to shareholders under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in connection with a resolution to be proposed at the Annual General Meeting (the “**AGM**”) of the Company to be held on June 16, 2006 to renew the general mandate given to the Directors to repurchase shares of HK\$0.10 each (“**Shares**”) in the capital of the Company.

* for identification purposes only

GENERAL MANDATE TO REPURCHASE SHARES

The Ordinary Resolution set out under item 6 of the notice of the AGM will be proposed at the AGM for the purpose of renewing the general mandate (the “**Repurchase Mandate**”) granted to the Directors to repurchase the Company’s Shares. Under the Repurchase Mandate, the aggregate nominal amount of Shares repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of the Ordinary Resolution.

Whilst the Directors do not presently intend to repurchase any Shares immediately, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and the Shareholders as a whole.

The following sets out the information required under the Listing Rules to be provided to Shareholders relating to the Repurchase Mandate to enable them to make an informed decision on whether or not to approve the renewal of the Repurchase Mandate.

SHARE CAPITAL

As at April 13, 2006, being the latest practicable date prior to the printing of this explanatory statement, the issued share capital of the Company was 481,676,687 Shares. Subject to the passing of the Ordinary Resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 48,167,668 Shares, being 10 per cent. of the entire issued share capital of the Company on the date of passing of the Ordinary Resolution.

REASONS FOR REPURCHASE

The Directors believe that the flexibility afforded to them by the Repurchase Mandate would be beneficial to the Company and the Shareholders as a whole. Repurchases pursuant to such mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Shares, the Company’s earnings per Share, and the liquidity of Shares on the Stock Exchange.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the laws of Bermuda, under which the Company was incorporated.

The laws of Bermuda provide that the amount required for a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the company that would otherwise be available for distribution by way of dividend or distribution, or the proceeds of a fresh issue of shares made for the purpose. The Directors propose that any repurchase of Shares under the Repurchase Mandate will be financed by the Company’s internal cash resources derived from the aforesaid sources.

On the basis of the consolidated financial position of the Company as at December 31, 2005 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position or the gearing position of the Company in the event that purchases of all the Shares the subject of the Repurchase Mandate were to be carried out in full during the Repurchase Mandate period. No purchase of the Company's Shares would be made by the Directors in circumstances that would have a material adverse impact on the working capital position or the gearing position of the Company (as compared with the position disclosed in the latest published audited financial statements).

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the printing of this explanatory statement are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
April	1.140	0.890
May	0.880	0.800
June	0.830	0.690
July	0.680	0.480
August	0.560	0.465
September	0.640	0.530
October	0.600	0.550
November	0.590	0.570
December	0.600	0.520
2006		
January	0.550	0.510
February	0.630	0.530
March	0.800	0.600

UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association and the bye-laws of the Company, and the laws of Bermuda.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquires, their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, nor have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of its or their shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at April 13, 2006, the immediate controlling shareholders of the Company, Uniocean Investments Limited ("**Uniocean**") and Mr. Shum Siu Hung, Chairman of the Company (who is deemed under the Takeovers Code to be a party acting in concert with Uniocean by virtue of his family interest in the Shares held by Uniocean), together held 20,811,779 Shares, representing 31.98 per cent. of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, and assuming that there is no change in the number of Shares, the shareholding of Uniocean together with its concert party will be increased to approximately 35.53 per cent. of the issued share capital of the Company. In the opinion of the Directors, such increase in percentage shareholding may give rise to an obligation on Uniocean and Mr. Shum Siu Hung to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors do not presently intend to exercise the Repurchase Mandate to such extent.

Assuming that there is no further issue of Shares between April 13, 2006 and date of repurchase, the exercise of Repurchase Mandate whether in whole or in part will not result in less than 25 per cent. of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed percentage.

SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) during the six months preceding April 13, 2006.

PROCEDURES FOR DEMANDING A POLL AT THE AGM

In accordance with the Company's bye-laws, resolutions proposed at the AGM shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Yours faithfully
Wu Hong Cho
Company Secretary