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If you have sold or transferred all your shares in NewOcean Energy Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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NewOcean Energy Holdings Limited

(新海能源集團有限公司)*

(Formerly known as NewOcean Green Energy Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

PROPOSED GRANT OF OPTIONS TO CERTAIN DIRECTORS

A letter from the board of the directors of NewOcean Energy Holdings Limited is set out on pages 3 to 9 of this circular.

A notice convening the special general meeting of NewOcean Energy Holdings Limited (the “**Special General Meeting**”) to be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong at 11:45 a.m. on Friday, 16 June, 2006 is set out on page 12 to 13 of this circular. A form of proxy for use by the Shareholders at the Special General Meeting is enclosed herein. Whether or not you intend to attend and vote at the Special General Meeting in person, you are requested to complete and return the enclosed form or proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time for holding the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting should you so wish.

* *for identification purposes only*

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of Directors
“Bye-laws”	the Bye-laws of the Company
“Company”	NewOcean Energy Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	The existing share option scheme adopted by the Company on 18 June, 2003
“Grantee Directors”	Messrs. Shum Siu Hung, Chiu Sing Chung, Raymond, Cheung Kwan Hung, Anthony and Ma Man Hoi, Joseph, each of whom was conditionally granted options under the Existing Share Option Scheme pursuant to a resolution of the Board made on 15 May, 2006
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	The independent committee of the Board, comprising Mr. Yeung Wing Chun, Michael Frederick and Chan Yuk Wai, Benedict, two of the Independent Non-executive Directors, formed specifically to consider and to advise Shareholders whether or not to approve the grant of options to the Grantee Directors
“Latest Practicable Date”	22 May, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPG”	liquefied petroleum gas

DEFINITIONS

“Old Share Option Scheme”	the share option scheme adopted by the Company on 9 April, 1999 and terminated on 18 June, 2003 pursuant to a shareholder’s resolution passed at a special general meeting held on that date
“Participant”	means any person belonging to any of the following classes of participants of the Existing Share Option Scheme: (a) any employee (whether full time or part time employee, including any executive directors but not any non-executive director) of the Group and any Invested Entity; (b) any non-executive director (including independent non-executive directors) of the Group or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of the Group or any Invested Entity. In this definition “Invested Entity” means any entity in which any member of the Group holds any equity interest
“Scheme Mandate Limit”	the 10 per cent. limit on grant of options under the Existing Share Option Scheme and any other option schemes of the Company, as refreshed pursuant to an ordinary resolution passed at a special general meeting of the Company held on 27 April, 2006
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special General Meeting”	the special general meeting of the Company to be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Friday, 16 June, 2006 at 11:45 a.m. notice of which is set out on pages 12 and 13 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



NewOcean Energy Holdings Limited

(新海能源集團有限公司)*

(Formerly known as NewOcean Green Energy Holdings Limited)

(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

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

Cheung Kwan Hung, Anthony

Young Wing Chun, Michael Frederick

Ma Man Hoi, Joseph

Chan Yuk Wai, Benedict

*Head office and principal
place of business:*

20th Floor, Times Tower

393 Jaffe road, Wanchai

Hong Kong

23 May, 2006

*To the Shareholders, and for information only
to the optionholders*

Dear Sir or Madam,

PROPOSED GRANT OF OPTIONS TO CERTAIN DIRECTORS

1. INTRODUCTION

On 15 May, 2006, the Directors resolved, subject to approval of the Shareholders at the Special General Meeting, to grant options under the Existing Share Option Scheme to the Grantee Directors as follows:

- (a) an Option to subscribe for 9,000,000 Shares (representing approximately 1.87% of the Company's issued Shares as at the Latest Practicable Date) to Mr. Shum Siu Hung, the Chairman and an Executive Director of the Company;

* for identification purposes only

LETTER FROM THE BOARD

- (b) an Option to subscribe for 6,000,000 Shares (representing approximately 1.25% of the Company's Shares in issue as at the Latest Practicable Date) to Chiu Sing Chung, Raymond, Managing Director of the Company;
- (c) an Option to subscribe for 1,000,000 Shares (representing approximately 0.21% of the Company's Shares in issue as at the Latest Practicable Date) to Cheung Kwan Hung, Anthony, Independent Non-executive Director of the Company; and
- (d) an Option to subscribe for 1,000,000 Shares (representing approximately 0.21% of the Company's Shares in issue as at the Latest Practicable Date) to Ma Man Hoi, Joseph, Independent Non-executive Director of the Company.

Pursuant to the Listing Rules and the rules of the Existing Share Options Scheme, the proposed grant of options to the Grantee Directors will require Shareholders' approval. The purpose of this circular is to provide you with information regarding the ordinary resolutions to be proposed at the Special General Meeting for approval to the proposed grant of options to the Grantee Directors.

2. BACKGROUND

Under the Existing Share Option Scheme, the Directors are authorized to grant options to Participants to subscribe for Shares up to the Scheme Mandate Limit. Based on the 481,676,687 Shares in issue on 27 April, 2006 (the date of Shareholders' approval to a refreshment of the Share Mandate Limit), the Directors are authorized to grant options to subscribe for up to a maximum of 48,167,668 Shares. As at the Latest Practical Date, no options have been granted under the Existing Share Option Scheme.

Since 2003 when the Group started to develop the southern China market, its LPG operations achieved a number of important breakthroughs. The Group's Zhuhai sea terminal, acquired in March 2004, rose from 19th in 2003 to the 8th largest LPG sea importer in China in 2005. The Group's overall business turnover almost quadrupled from HK\$447,000,000 to over HK\$1,600,000,000 during the 3 years from 2003 to 2005. In the last year, the Group successfully entered the Hong Kong LPG market and its retail network expended from second-tier cities into Shenzhen City. Taking into consideration these business achievements and the contribution made by the Group's staff and directors, the Directors consider it an appropriate time now to exercise the Board's power to grant options under the Existing Share Option Scheme. The grant will serve as a reward to meritorious Participants and an incentive to their continuing contribution. On 15 May, 2006 the Directors resolved to grant options to subscribe for an aggregate of 30,500,000 Shares under the Existing Share Option Scheme to Participants, which included directors and key staff members of the Group.

LETTER FROM THE BOARD

Out of the options granted by the Board on 15 May, 2006, options to subscribe for 17,000,000 Shares were granted to the Grantee Directors on condition that Shareholders' approval is given at the Special General Meeting:

- (a) Mr. Shum Siu Hung, Executive Director. Mr. Shum is Chairman of the Board from January 2000 to June 2003, and from June 2005 to present. Mr. Shum has led the Board during all the major developments of the Group, including successful entry into the green energy business, the building up of the wholesale and retail network for LPG in southern China and the acquisition of the Group's LPG sea terminal in Zhuhai.
- (b) Mr. Chiu Sing Chung, Managing Director, has been head of the Group's PRC operations. Mr. Chiu became an Executive Director in August 2003, and was appointed Managing Director in June 2005.
- (c) Mr. Cheung Kwan Hung, Anthony, an Independent Non-executive Director since August 2001.
- (d) Mr. Ma Man Hoi, Joseph, an Independent Non-Executive Director since June 2005.

LETTER FROM THE BOARD

3. DETAILS OF PROPOSED GRANT OF OPTIONS TO GRANTEE DIRECTORS

Details of options proposed to be granted to the Grantee Directors under the Existing Share Option Scheme and their shareholding interests in the Company as at the Latest Practical Date are as follows:

A. Proposed grant of option and existing shareholding interests

Name and office held	No. of Options proposed to be granted under the Existing Share Option Scheme	Exercise period	Existing interest in Shares notified under s.352 of Securities and Futures Ordinance	Total shareholding interest after exercise of the Options proposed
Shum Siu Hung <i>Chairman and Executive Director</i>	9,000,000	17 June, 2006 to 31 December, 2015	154,024,400 (31.98%) <i>(Note)</i>	163,024,400 (33.85%)
Chiu Sing Chung, Raymond <i>Managing Director</i>	6,000,000	17 June, 2006 to 31 December, 2015	NIL	6,000,000 (1.25%)
Cheung Kwan Hung, Anthony <i>Independent Non-Executive Director</i>	1,000,000	17 June, 2006 to 31 December, 2015	NIL	1,000,000 (0.21%)
Ma Man Hoi, Joseph <i>Independent Non-Executive Director</i>	1,000,000	17 June, 2006 to 31 December, 2015	NIL	1,000,000 (0.21%)

Note: Mr. Shum Siu Hung's interests in Shares comprise (i) 20,811,779 (4.32%) Shares beneficially owned by Mr. Shum and (ii) Mr. Shum's family interest in 133,212,621 Shares (27.66%) held by Uniocean Investments Limited ("Uniocean"), which is owned as to 15% by Shum Chun, Lawrence, 15% by Shum Ho, Neo, 64% by Tong Siu Ming, 5% by Wu Hong Cho and 1% by Cen Ziniu. The shares held by Uniocean Investments Limited are deemed as Mr. Shum's family interest as Tong Shiu Ming is spouse of Mr. Shum, and Shum Chun, Lawrence and Shum Ho, Neo are sons of Mr. Shum.

B. Exercise price

The exercise price of the options proposed to be granted shall be the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of the grant; and (c) the nominal value of a Share.

LETTER FROM THE BOARD

As (a) the closing price of the Shares as at 15 May, 2006 was HK\$0.69 per Shares; (b) the average of the closing prices of the Shares for the last 5 trading days up to and including 12 May, 2006 was HK\$0.688; and (c) the nominal value of a Share is HK\$0.10, the exercise price of the proposed options has been determined to be HK\$0.69 per Share.

C. Exercise period

The options granted to the Grantee Director may be exercised any time during the period from 17 June, 2006 to 31 December, 2015.

D. Performance target

No performance target need to be achieved before the exercise of any of the options proposed to be granted.

E. Amount payable on acceptance of the option

Under the rules of the Existing Share Option Scheme, a sum of HK\$1.00 will be payable on acceptance on the options.

F. Voting, dividend, transfer and other rights

Under the rules of the Existing Share Option Scheme, a Share allotted upon the exercise of an Option shall not carry any voting right until the completion of the registration of the grantee as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of the options will rank *pari passu* with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company, as attached to other fully-paid Shares in issue on the date of issue.

4. LISTING RULE REQUIREMENTS

Pursuant to the Note to Rule 17.03(4) of the Listing Rules, if any proposed grant of options to any Participant would result in the securities issued or to be issued upon exercise of all options granted and proposed to be granted to such Participant (including options exercised, cancelled and outstanding) in the 12-month period up to and including the date of the proposed grant representing in aggregate over 1% of the issued Shares of the Company, such proposed grant must be separately approved by Shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

LETTER FROM THE BOARD

Pursuant to Rule 17.04 of the Listing Rules, where a proposed grant of options to a substantial shareholder of the Company or a Director or any of their respective associates would result in the securities issued or to be issued upon exercise of all options granted and proposed to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the issued Shares of the Company; and
- (b) having an aggregate value, based on the closing price of the Shares on the Stock Exchange on the date of each grant, in excess of HK\$5,000,000;

such proposed grant of options must be approved by the Shareholders. Any vote taken at the meeting to approve such proposed grant of options must be taken on a poll.

With the exception of Mr. Shum Siu Hung, as at the Latest Practical Date none of the Grantee Directors have been granted options under the Existing Share Option Scheme or any other share option scheme of the Company. Mr. Shum Siu Hung has been granted options to subscribe for 6,500,000 Shares under the Old Share Option Scheme, out of which options for 3,500,000 Shares have lapsed and options for 3,000,000 Shares are still outstanding. The outstanding options under the Old Share Option Scheme entitle Mr. Shum Siu Hung to subscribe for 3,000,000 Shares at a subscription price of HK\$1.30 during a subscription period expiring on 14 September, 2007. During the 12-month period leading up to the Latest Practical Date, no options have been granted (including exercised, cancelled and outstanding options) to Mr. Shum.

In view of the requirements of Rules 17.03(4) and 17.04 of the Listing Rules, based on information on options granted and proposed to be granted to the Grantee Directors as stated in the above, Shareholders' approval will be required for the grant of option to each of the Grantee Directors. Under the aforesaid Rules, each Grantee Director and his respective associates must abstain from voting on the grant of option to the Grantee Director in question. Also, all connected persons (as defined in the Listing Rules) of the Company must abstain from voting at the general meeting convened for this purpose.

5. SPECIAL GENERAL MEETING

A notice convening the Special General Meeting to be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Friday, 16 June, 2006 at 11:45 a.m. is set out on page 12 to 13 of this circular for the purpose of considering and, if thought fit, passing the resolutions to approve the grant of options to the Grantee Directors as detailed in the above paragraphs.

LETTER FROM THE BOARD

A form of proxy for use by Shareholders at Special General Meeting is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrars of the Company in Hong Kong, Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event, not later than 48 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting thereof (as the case may be) should you so wish.

Voting in respect of each ordinary resolution set out in the notice of the Special General Meeting will be by way of poll. Mr. Shum Siu Hung and his associates will abstain from voting in respect of Ordinary Resolution No. 1, and all associates of the other Grantee Directors will abstain from voting in respect of the resolution related to the grant of option to the Grantee Director in question. As Uniocan may be deemed a connected person of the Company under the Listing Rules, it will abstain from voting in respect of all resolutions set out in the notice of the Special General Meeting.

6. RECOMMENDATIONS

Your attention is drawn to the "Letter from the Independent Board Committee" set out on page 10 of this circular, which sets out the advice from the Independent Board Committee in relation to the proposed grant of options to the Grantee Directors. The Independent Board Committee, constituted specifically to advise Shareholders, comprises two Independent Non-executive Directors who are not grantees of the options granted by the Board.

The Board believes that the proposed grant of options to the Grantee Directors serves as an acknowledgement to their respective contribution to the Group and a continuing incentive to these Directors, and accordingly recommends you to vote in favour of all the ordinary resolution set out in the notice of the Special General Meeting.

Yours faithfully,
By Order of the Board
NewOcean Energy Holdings Limited
Shum Siu Hung
Chairman



NewOcean Energy Holdings Limited

(新海能源集團有限公司)*

(Formerly known as NewOcean Green Energy Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

23 May, 2006

To the Shareholders

Dear Sir or Madam,

PROPOSED GRANT OF OPTIONS TO CERTAIN DIRECTORS

We refer to the circular dated 23 May, 2006 (the “Circular”) to Shareholders of NewOcean Energy Holdings Limited of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We are constituted the Independent Board Committee to advise Shareholders on the proposed grant of options under the Existing Share Option Scheme to each of the Grantee Directors. This letter sets out our recommendation to the Shareholders as to voting in relation to the ordinary resolutions to be proposed at the Special General Meeting to approve the grant of options.

Having considered:

- (a) the purpose of the Existing Share Option Scheme to provide reward and incentive to meritorious Participants;
- (b) the results and achievements of the Group during the tenure of the Grantee Directors and the contributions to such results and achievements by each of the Grantee Directors;
- (c) the continuing roles and functions of each of the Grantee Directors in the Group and his prospective contribution to the Group; and
- (d) the terms of the proposed grant of options to the Grantee Directors;

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

we recommend the Shareholders to vote in favour of the resolutions set out in the notice convening the Special General Meeting to approve the proposed grant of options to the Grantee Directors.

Yours faithfully,

The Independent Board Committee

Young Wing Chun, Michael Frederick Chan Yuk Wai, Benedict

Independent Non-Executive Directors

NOTICE OF SPECIAL GENERAL MEETING



NewOcean Energy Holdings Limited

(新海能源集團有限公司)*

(Formerly known as NewOcean Green Energy Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

NOTICE IS HEREBY GIVEN that a special general meeting of NewOcean Energy Holdings Limited (the “Company”) will be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong at 11.45 a.m. on 16 June, 2006 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** the grant of an option to Mr. Shum Siu Hung, Chairman and an executive director of the Company, pursuant to the share option scheme of the Company adopted on 18 June, 2003 entitling him to subscribe for 9,000,000 shares of the Company, details of which were set out in a circular of the Company dated 23 May, 2006 (a copy of which marked “A” is produced to this meeting and for the purposes of identification signed by the Chairman hereof) be and is hereby approved, confirmed and ratified, and the directors of the Company be and are hereby authorized to do all such things and acts as may be necessary or expedient in order to give full effect to such grant of option.”
2. **“THAT** the grant of an option to Mr. Chiu Sing Chung, Raymond, Managing Director of the Company, pursuant to the share option scheme of the Company adopted on 18 June, 2003 entitling him to subscribe for 6,000,000 shares of the Company, details of which were set out in a circular of the Company dated 23 May, 2006 (a copy of which marked “A” is produced to this meeting and for the purposes of identification signed by the Chairman hereof) be and is hereby approved, confirmed and ratified, and the directors of the Company be and are hereby authorized to do all such things and acts as may be necessary or expedient in order to give full effect to such grant of option.”
3. **“THAT** the grant of an option to Mr. Cheung Kwan Hung, Anthony, an independent non-executive director of the Company, pursuant to the share option scheme of the Company adopted on 18 June, 2003 entitling him to subscribe for 1,000,000 shares of the Company, details of which were set out in a circular of the Company dated 23 May, 2006 (a copy of which marked “A” is produced to this meeting and for the purposes of

* for identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

identification signed by the Chairman hereof) be and is hereby approved, confirmed and ratified, and the directors of the Company be and are hereby authorized to do all such things and acts as may be necessary or expedient in order to give full effect to such grant of option.”

4. “**THAT** the grant of an option to Mr. Ma Man Hoi, Joseph, an independent non-executive director of the Company, pursuant to the share option scheme of the Company adopted on 18 June, 2003 entitling him to subscribe for 1,000,000 shares of the Company, details of which were set out in a circular of the Company dated 23 May, 2006 (a copy of which marked “A” is produced to this meeting and for the purposes of identification signed by the Chairman hereof) be and is hereby approved, confirmed and ratified, and the directors of the Company be and are hereby authorized to do all such things and acts as may be necessary or expedient in order to give full effect to such grant of option.”

By Order of the Board of
NewOcean Energy Holdings Limited
Wu Hong Cho
Company Secretary

Hong Kong, 23 May, 2006

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his stead. A proxy need not be a member of the Company but must be present in person to represent the member.
2. A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not prevent you from attending and voting in person at the Meeting or any adjourned meeting if you so wish.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must be deposited at the Company’s branch share registrar at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the Meeting or any adjourned thereof.
4. Where there are joint holders of a share, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.