



# 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)

### AUDITED RESULTS FOR THE YEAR ENDED DECEMBER 31, 2005

The Board of Directors (the “Board”) of NewOcean Green Energy Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2005 together with comparative figures for the year ended December 31, 2004 as follows:

#### CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Revenue	2	<b>1,615,479</b>	1,023,782
Cost of sales		<b>(1,533,417)</b>	(944,016)
Gross profit		<b>82,062</b>	79,766
Other income		<b>9,340</b>	1,586
Selling and distribution expenses		<b>(19,846)</b>	(8,767)
Administrative expenses		<b>(33,462)</b>	(35,826)
Allowance for bad and doubtful debts		<b>(4,056)</b>	(121)
Net gain (loss) on disposals and write-offs of property, plant and equipment		<b>6,161</b>	(198)
Recognition of impairment loss on property, plant and equipment		<b>(2,776)</b>	—
Gain on disposal of a subsidiary		<b>2,710</b>	—
Recognition of impairment loss on goodwill of a subsidiary		—	(6,555)
Finance costs		<b>(9,488)</b>	(3,080)
Share of results of a jointly controlled entity		<b>(402)</b>	(644)
Profit before taxation		<b>30,243</b>	26,161
Taxation credit (charge)	3	<b>3,667</b>	(6,217)
Profit for the year	4	<b>33,910</b>	19,944
Attributable to:			
Equity holders of the Company		<b>35,702</b>	20,178
Minority interests		<b>(1,792)</b>	(234)
		<b>33,910</b>	19,944
Earnings per share	5		
Basic		<b>7.41 cents</b>	4.38 cents
Diluted		<b>N/A</b>	4.33 cents

## CONSOLIDATED BALANCE SHEET

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (restated)
<b>Non-current assets</b>		
Property, plant and equipment	170,094	168,316
Prepaid lease payments for lands	46,899	45,766
Prepaid lease payments for coast	12,366	12,792
Investment properties	46,000	35,025
Goodwill	61,893	32,548
Interest in a jointly controlled entity	12,350	12,752
Other assets	18,754	32,028
Deferred tax assets	2,326	—
	<u>370,682</u>	<u>339,227</u>
<b>Current assets</b>		
Inventories	40,197	2,582
Trade debtors	50,340	77,590
Other debtors, deposits and prepayments	100,928	29,420
Prepaid lease payments for lands	1,868	1,834
Prepaid lease payments for coast	653	653
Amount due from a jointly controlled entity	153	—
Amounts due from minority shareholders of subsidiaries	—	357
Amount due from a former shareholder of a subsidiary	2,435	3,509
Pledged bank deposits	207,909	3,004
Bank balances and cash	57,479	55,937
	<u>461,962</u>	<u>174,886</u>
<b>Current liabilities</b>		
Trade creditors and bills payable	63,246	23,969
Other creditors and accrued charges	26,046	21,673
Tax liabilities	8,971	8,023
Borrowings, partly secured — repayable within one year	334,407	91,253
	<u>432,670</u>	<u>144,918</u>
<b>Net current assets</b>	<u>29,292</u>	<u>29,968</u>
	<u>399,974</u>	<u>369,195</u>
<b>Capital and reserves</b>		
Share capital	48,168	48,168
Share premium and reserves	340,764	306,460
Equity attributable to equity holders of the Company	<u>388,932</u>	<u>354,628</u>
Minority interests	1,531	4,709
<b>Total equity</b>	<u>390,463</u>	<u>359,337</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	9,511	9,858
	<u>9,511</u>	<u>9,858</u>
	<u>399,974</u>	<u>369,195</u>

Notes:

## 1. Changes in Accounting Policies

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting years beginning on or after January 1, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of jointly controlled entity and minority interests have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in respect of goodwill, owner-occupied leasehold interest in land, share-based payments, investment properties and deferred taxes related to investment properties that have effect on how the results for the current or prior accounting years are prepared and presented, but no prior year adjustment has been required.

## 2. Revenue

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances, and rental and leasing income for the year, and is analysed as follows:

	2005 HK\$’000	2004 HK\$’000
Sale and distribution of liquefied petroleum gas (“LPG”)	1,372,849	949,656
Sale of electronic products	237,936	69,496
Leasing of investment properties, property, plant and equipment	4,694	4,630
	<u>1,615,479</u>	<u>1,023,782</u>

## Business and Geographical Segments

The Group is principally engaged in sale and distribution of LPG, sale of electronic products and leasing of investment properties, property, plant and equipment. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

### Business segments

#### Income statement

For the year ended December 31, 2005:

	Sale and distribution of LPG HK\$’000	Sale of electronic products HK\$’000	Leasing of investment properties, plant and equipment HK\$’000	Unallocated HK\$’000	Consolidated HK\$’000
Segment revenues	<u>1,372,849</u>	<u>237,936</u>	<u>4,694</u>	<u>—</u>	<u>1,615,479</u>
Segment results	27,407	15,323	(538)	—	42,192
Net gain (loss) on disposals and write-offs of property, plant and equipment	—	—	6,171	(10)	6,161
Gain on disposal of a subsidiary	—	—	—	2,710	2,710
Gain on change in fair value of investment properties	—	—	1,141	—	1,141
Unallocated corporate expenses	—	—	—	(12,071)	(12,071)
Finance costs	—	—	—	(9,488)	(9,488)
Share of results of a jointly controlled entity	(402)	—	—	—	(402)
Profit (loss) before taxation	<u>27,005</u>	<u>15,323</u>	<u>6,774</u>	<u>(18,859)</u>	<u>30,243</u>
Taxation credit					<u>3,667</u>
Profit for the year					<u>33,910</u>

For the year ended December 31, 2004:

	Sale and distribution of LPG <i>HK\$'000</i>	Sale of electronic products <i>HK\$'000</i>	Leasing of investment properties, property, plant and equipment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenues	<u>949,656</u>	<u>69,496</u>	<u>4,630</u>	<u>—</u>	<u>1,023,782</u>
Segment results	24,659	10,470	(1,732)	1,586	34,983
Unallocated corporate expenses	—	—	—	(5,098)	(5,098)
Finance costs	—	—	—	(3,080)	(3,080)
Share of results of a jointly controlled entity	<u>(644)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(644)</u>
Profit (loss) before taxation	<u>24,015</u>	<u>10,470</u>	<u>(1,732)</u>	<u>(6,592)</u>	26,161
Taxation					<u>(6,217)</u>
Profit for the year					<u>19,944</u>

### ***Geographical segments***

The Group's operations, by the geographical location of its customers, are located in Hong Kong and the People's Republic of China (the "PRC") and South East Asia. The Group's sale and distribution of LPG and leasing of property, plant and equipment are carried out in the PRC. The Group's sale of electronic products was carried out in Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
PRC	1,518,625	986,404
South East Asia	89,094	37,378
Hong Kong	<u>7,760</u>	<u>—</u>
	<u>1,615,479</u>	<u>1,023,782</u>

### **3. Taxation Credit (Charge)**

The amount of taxation credit (charged) to the consolidated income statement represents:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Current tax:		
Hong Kong	(164)	(395)
Other regions in the PRC	<u>(1,283)</u>	<u>(6,643)</u>
	<u>(1,447)</u>	<u>(7,038)</u>
Deferred tax	<u>5,114</u>	<u>821</u>
	<u>3,667</u>	<u>(6,217)</u>

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the year.

The current tax for other regions in the PRC represents PRC enterprise income tax, which is calculated at the rates prevailing, in respect of the Company's subsidiaries operating in the PRC. Several subsidiaries in the PRC are entitled to exemption from PRC income tax for the two years starting from their first profit-making year, followed by a 50% tax relief for the next three years. The tax charge provided has been made after taking these tax incentives into account.

#### 4. Profit For The Year

Profit for the year has been arrived at after charging (crediting):

	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Auditors' remuneration	1,144	1,038
Allowances for obsolete inventories	—	1,851
Depreciation and amortisation		
Property, plant and equipment (included in administrative expenses)	15,945	12,860
Goodwill (included in administrative expenses)	—	1,923
	15,945	14,783
Amortisation of prepaid lease payments for lands	1,834	1,503
Amortisation of prepaid lease payments for coast	653	539
Net (gain) loss on disposals and write-offs of property, plant and equipment	(6,161)	198
Net exchange (gain) loss	(4,770)	347
Minimum lease payments under operating leases:		
— LPG vessel	2,696	—
— Premises	1,126	1,803
Staff costs		
Directors' fees	330	350
Directors' other emoluments	2,518	3,787
Contributions to retirement benefits schemes excluding HK\$59,000 (2004: HK\$55,000) included in director's emoluments	284	315
Others	8,762	6,655
	11,894	11,107
Gross rental income from investment properties	(4,164)	(2,662)
Less: outgoings	1,017	906
	<u>(3,147)</u>	<u>(1,756)</u>

#### 5. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Net profit attributable to the equity holders of the parent for the purposes of basic and diluted earnings per share	<u>35,702</u>	<u>20,178</u>
Weighted average number of shares for the purposes of basic earnings per share	<b>481,676,687</b>	461,143,085
Effect of dilutive potential shares:		
Options	N/A	4,854,760
Weighted average number of shares for the purposes of diluted earnings per share	<u>N/A</u>	<u>465,997,845</u>

The following table summaries the impact of changes in accounting policies on both basic and diluted earnings per share as a result of:

	<b>Impact on basic earnings per share</b>		<b>Impact on diluted earnings per share</b>	
	<b>2005</b> <i>HK cents</i>	2004 <i>HK cents</i>	<b>2005</b> <i>HK cents</i>	2004 <i>HK cents</i>
Reported figures before adjustments	<b>6.63</b>	4.38	N/A	4.33
Adjustments arising from changes in accounting policies	<u>0.78</u>	—	—	—
Adjusted	<u><b>7.41</b></u>	<u>4.38</u>	<u>N/A</u>	<u>4.33</u>

For the year ended December 31, 2005, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for the year.

## **FINAL DIVIDEND**

The Directors has recommended a final dividend of HK1.2 cents per share (2004: HK1 cent) be paid to shareholders on the register of members on June 12, 2006. Subject to shareholders' approval at the forthcoming annual general meeting to be held on June 16, 2006, the final dividend will be paid on or about June 23, 2006.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from June 12, 2006 to June 16, 2006, both days inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday June 9, 2006.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **General**

The Group had another year of high growth in business and recorded a revenue of HK\$1,615,479,000 for the year ended December 31, 2005, a substantial growth of 57.8% comparing with the revenue of HK\$1,023,782,000 for the year ended December 31, 2004. Net profit attributable to the equity holders of the Company for the year of 2005 was HK\$35,702,000, a substantial increase of 76.9% over the net profit attributable to the equity holders of the Company of HK\$20,178,000 in the year of 2004. At the end of December 31, 2005, the Company has issued and paid up of 481,676,687 of ordinary shares. Basic earning per share for year 2005 was HK7.41 cents, a growth of 69.2% comparing with the basic earnings per share of HK 4.38 cents for the year ended December 31, 2004.

The Group achieved 350,000 MTs of sale of LPG in 2005, an increase of 34.6% from 260,000 MTs for the year of 2004.

### **Market Situation**

#### *General Situation*

In the year 2005, after years of growth the import volume of LPG in China saw its first year of decline, by 3.8% from 6,409,000 MTs in the previous year to 6,166,500 MTs. Decrease in import does not mean the demand for LPG in China had decreased accordingly. When domestic production of LPG is taken into account, the total consumption of LPG in China for the year was approximately 22,076,000 MTs, an increase of 4.5% from the amount of 21,130,000 MTs in 2004. In addition, Guangdong Province is traditionally the window through which most of the LPG import is channeled into China. Its import volume in 2005 was 4,474,000 MTs (72.60% of the nation's LPG import volume), an increase of 3.6% from 4,320,000 MTs (66.60% of the nation's LPG import volume) in 2004. We are not able to obtain the actual consumption volume in Guangdong Province, however, according to the estimate by our operation, there was substantial increase of LPG delivered from the refineries in the north to the south. Also, there was growth in output from the two refineries in Guangdong (Maoming Petrochemical and Guangzhou Petrochemical). Therefore, we estimate that the increase in consumption of Guangdong was somewhere between 4% to 5%, which is consistent with the growth of China as a whole, and that Guangdong's uptrend of LPG consumption continues.

#### *Wholesale Market*

Traditionally, the supply of LPG in Southern China is mainly from sea terminals and refineries (Maoming Petrochemical and Guangzhou Petrochemical) in Guangdong. In 2005, when the price of LPG in the international market continued to increase, it occasionally created a significant price difference between imported LPG and domestic production. Substantial profit could be made from selling LPG from the north to markets in the south. As a result, the supply from refineries in eastern and northern China increased substantially and adversely affected the wholesale price in Southern China. The impacts are as follows: (1) on some occasions, the wholesale price was forced to drop substantially in a short period of time; (2) loyalty of the bottle filling plants to their suppliers (i.e. the terminals) had been loosened; (3) terminals with small storage capacity were less flexible towards drastic market changes. For 2005, the wholesale price in Southern China had in general increased from about RMB4,400 per MT in January to about RMB5,850 per MT in December, a 33% increase. At the same time, the terminals' cost (including the tariff and VAT) of import had increased from about RMB4,000 per MT in January to about RMB5,700 per MT in December, a 42.5% increase. Although the demand in the wholesale market continued to grow, refineries in the north became new competitors and in the second half of the year (especially the fourth quarter) the competition adversely affected the gross profit margin of the wholesalers in Southern China.

## ***Retail Market***

In the year 2005, the retail market of LPG in Southern China had been seriously affected by the continuous surge in wholesale price. Retailers operated at increasing operating cost. Those retailers that were located far away from the terminals had the additional burden of higher transportation costs. As the increase in cost was much faster than the selling price adjustment, in the latter part of 2005, the profit margin shrunk speedily. In some areas, the purchase cost was even higher than the retail price. More serious, because of the frequent adjustment of the retail price (the price of a 15 kg bottle increased from RMB65 at the beginning of the year to RMB100 at the year end), the government made its first intervention in retail price since the year of 2002 (the price then was RMB72 per bottle) and requested retailers to keep the price of bottled LPG below the RMB100 level before Chinese Spring Festival. That created a short term chaos in the form of disrupted supply and panic purchase in the market. Later, with the change of attitude of the government, market order recovered within a short period of time. However, some retailers in certain areas had already suffered great loss. In the whole retail market, only auto LPG operators received subsidies from the government and their hardship was reduced. In the year 2005, the Guangzhou government required taxis and public buses to switch from gasoline or diesel to auto LPG. That significantly contributed to the increase in consumption of LPG in Guangdong Province. The government however put tight control on the price of auto LPG. Despite the increase in purchase cost, the government had not released the control.

## **LPG Wholesale and Retail Business**

### ***Wholesale Business***

The Group's LPG wholesaling continued to grow at a high rate in the year 2005. The import volume of the Group's Zhuhai sea terminal (NewOcean Energy (Zhuhai) Company Limited) was 310,000 MTs, a 121.4% increase from the 140,000 MTs in the year 2004. Utilization of the deep draft sea terminal in Zhuhai was optimized and by virtue of joint purchase arrangement and efficient logistics, the deficiency brought about by our small storage capacity was minimized. In 2005, the sea terminal in Zhuhai became one of the top ten LPG terminals in China (in terms of import volume). It ranked 8th, rising from 12th in 2004 and 19th in 2003. In addition, in December 2005 the sea terminal in Zhuhai, having been granted the status of bonded terminal, achieved export of 3,500 MTs to Hong Kong and became one of the suppliers of auto LPG to the operators in Hong Kong.

<b>Import volume</b>	<b>2004</b>		<b>2005</b>	
	<b>Number of MTs</b>	<b>Number of Shipments</b>	<b>Number of MTs</b>	<b>Number of Shipments</b>
Pressurized LPG	106,150	50	<b>140,550</b>	<b>63</b>
Refrigerated LPG	29,300	4	<b>170,700</b>	<b>9</b>
Total	<u>135,450</u>	<u>54</u>	<u><b>311,250</b></u>	<u><b>72</b></u>

As the import and wholesale volume of the Zhuhai sea terminal had reached a significant level, the Guangdong Oil & Gas Association tracked NewOcean Energy (Zhuhai) Company Limited's daily price quotation as a constituent for calculation of the South China LPG Price Index. That indicates; (1) the Group has established a solid position in the LPG market of Southern China, (2) the Terminal is achieving good economy of scale.

In November 2005, the Zhuhai sea terminal started construction for its storage expansion. Foundation work has now been completed and the procurement of steel plates for the new tanks (partly to be imported from Japan and partly from domestic suppliers) had been made. When the expansion is completed by the end of 2006, the storage volume will be increased to 15,600 MTs from the existing 2,100 MTs. By then, the laytime for discharging refrigerated cargo will be shortened from 5 days to 2 days and the purchase cost will be reduced by US\$5 to US\$6 per MT, bringing profit margin improvement. In the first quarter of 2006, the Group already achieved an import and wholesale amount of 150,000 MTs. The amount for the whole year is estimated to be not less than 500,000 MTs.

### ***Retail Business***

The LPG retail business of the Group was approximately 140,000 MTs, a 7.7% increase from the 130,000 MTs for the year 2004. 60% of the supply was from the Zhuhai sea terminal and 40% was from domestic suppliers in surrounding area of the bottle filling plants. As a fact growth of retailing slowed down in 2005 because of the continuous increase of the LPG purchase price, which drove up the costs and reduced the profit margin. Therefore, the Management had decided to integrate the existing market, reduce the input of resources into the existing market, and explore other areas for expanding bottle filling plants. In the year 2005, in addition to acquiring the remaining 30% shares of the Chaoyang Depot in Guilin, the Group entered

into contract to acquire 100% shareholding of the bottle filling plants of Baorun at Shenzhen (the acquisition was completed on March 31, 2006). For the year 2006, the Group aims to achieve an amount of 200,000 MTs for retail business. Also, the Management believes that, as the international price of LPG will reduce in the year 2006, the profit margin of retail business will be improved. The established and expanded retail client base will bring favorable profit to the Group (in February and March of 2006, the international LPG price had decreased substantially).

### **Electronic Business**

Starting from January 2003, the Group contracted out the manufacture and sales operation of the electronic business. In the year of 2005, the Group maintained its general trading of electronic components as this line of business did not require much of the Group's resources and had not increased any investment and operating risk. Limited volume of the electronic components trading will be maintained in 2006.

### **Business Outlook**

It is anticipated that LPG prices on the international market will go down in 2006. However, because of the fluctuation of international crude oil price, LPG prices will still be unstable.

In 2006, the Group's business strategy is:

1. For wholesale business, the Group will work to enter into term supply contracts with reputable customers on cost-plus price mechanism. In the expansion of the wholesale business, the Group will mitigate price risk in order to gain thinner, but safe and reasonable profit;
2. For retail business, the Group will continue its existing strategy to look for potential bottle filling plants to acquire. And the Group will further utilize the remaining land of the Terminal to expand the petroleum business with a major oil company.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at December 31, 2005, the net current assets of the Group amounted approximately to HK\$29,292,000 (2004: HK\$29,968,000) and the Group's bank balances and cash was HK\$57,479,000 (2004: HK\$55,937,000). At the balance sheet date, current ratio was 1.07:1 (2004: 1.21:1), quick ratio was 0.97:1 (2004: 1.19:1), gearing ratio was 0.53:1 (2004: 0.30:1) which was calculated based on total liabilities of HK\$442,181,000 (2004: HK\$154,776,000) and total assets of HK\$832,644,000 (2004: HK\$514,113,000).

### **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities at the balance sheet date.

At December 31, 2004, the Company was a guarantor to an agent for import of LPG under an agency agreement entered into between a subsidiary of the Company and the agent. The guarantee was not utilised by the agent at December 31, 2004.

### **PLEDGE OF ASSETS**

At December 31, 2005, the Group pledged its bank deposits amounting to HK\$207,909,000 (2004: HK\$3,004,000) to secure general banking facilities granted to the Group. The Group has pledged prepaid lease payments for lands having an aggregate net book value of HK\$2,045,000 (2004: HK\$2,082,000) to secure general banking facilities granted to the Group.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at December 31, 2005, the Group employed approximately 310 full time employees in Hong Kong and the PRC. The Group remunerated the employees based on their performance, experience and prevailing market practice. Employee benefits provided by the Group include a provident fund scheme, medical insurance scheme and an employee share option scheme.

### **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the 12 months ended December 31, 2005.

### **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with the Code of Best Practice (the "Code") (which was in force prior to January 1, 2005) as set out in Appendix 14 to the Listing Rules throughout the year ended December 31, 2005, except that the independent non-executive directors of the Company are not



appointed for terms of office determined according to a fixed period of time. Nevertheless, such directors were appointed to their offices for such term of office and are subject to retirement in accordance with the provisions in the Bye-laws of the Company.

The Code was replaced by a new Code on Corporate Governance Practices (the “New Code”) which has become effective for accounting period commencing on or after January 1, 2005. The New Code is applicable to the Company for the financial year commencing on January 1, 2005. The Company has taken appropriate actions to comply with the New Code.

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries of all directors and all directors confirmed they have complied with the required standard of dealings set out therein during the year.

#### **AUDIT COMMITTEE**

The Company has set up an audit committee which comprises three members namely Mr. Anthony Cheung Kwan Hung, Mr. Michael Frederick Young Wing Chun and Mr. Joseph Ma Man Hoi, the independent non-executive directors of the Company. The principal duties of the Audit Committee are to review and supervise the Group’s financial reporting process and internal control system.

#### **REMUNERATION COMMITTEE**

The Company has also set up a remuneration committee which comprises five members namely Mr. Anthony Cheung Kwan Hung, Mr. Michael Frederick Young Wing Chun, Mr. Joseph Ma Man Hoi, the independent non-executive directors, Mr. Raymond Chiu Sing Chung and Mr. Lawrence Shum Chun, the executive directors of the Company. The principal duties of the Remuneration Committee are to review and determine the remuneration policy and other remuneration related matters of the Directors and senior management of the Group.

#### **REVIEW OF ANNUAL RESULT**

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the audited financial statements for the year ended December 31, 2005.

#### **PUBLICATION OF RESULTS ON THE STOCK EXCHANGE’S WEBSITE**

Detailed information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange as soon as practicable.

By order of the Board  
**NewOcean Green Energy Holdings Limited**  
**Shum Siu Hung**  
*Chairman*

Hong Kong, April 7, 2006

*As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Raymond Chiu Sing Chung, Mr. Wu Hong Cho, Mr. Cen Ziniu, Mr. Lawrence Shum Chun, being the executive directors, Mr. Anthony Cheung Kwan Hung, Mr. Michael Frederick Young Wing Chun, Mr. Joseph Ma Man Hoi and Mr. Benedict Chan Yuk Wai being the independent non-executive directors.*

\* *for identification purpose only*

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of NewOcean Green Energy Holdings Limited (“the Company”) will be held at 20th Floor, Times Tower, 393 Jaffe Road, Wanchai, Hong Kong on Friday, June 16, 2006 at 11:00 a.m. (“Annual General Meeting”) for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended December 31, 2005.
2. To declare a final dividend.
3. To re-elect a director retiring by annual rotation pursuant to the provision of the bye-laws of the Company, namely Mr. Wu Hong Cho, to re-elect a director appointed by the Board to fill a casual vacancy, namely Mr. Ma Man Hoi, Joseph, to re-elect a director appointed by the Board as an additional director, namely Mr. Chan Yuk Wai, Benedict, and to authorize the Board to fix their remuneration. (All the retiring directors, being eligible, offer themselves for re-election.).
4. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.

### AS SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (a) subject to the following provisions of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company, and to make or grant offers, agreements or options (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including bonds, notes, warrants, debentures and securities convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) an issue of shares pursuant to any existing specific authority, including upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any bonds, notes, debentures or securities convertible into shares of the Company; (iii) any employee share option scheme or similar arrangement for the time being adopted by the Company; and (iv) an issue of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the director of the Company made to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of, any recognised regulatory body or any stock exchange in or in any territory outside, Hong Kong).”

6. To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with all applicable laws, rules and regulations and the requirements of The Rules Governing the Listing of Securities on the Stock Exchange, or of any other Recognised Stock Exchange be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the shares of HK\$0.10 each in the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or
  - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

7. To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

**“THAT:**

subject to the passing of Ordinary Resolution No. 5 and Ordinary Resolution No. 6 as set out in the notice convening this meeting (the “Notice”), the general mandate granted to the directors of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution No. 5 set out in the Notice be and is hereby extended by the addition to it of an amount representing the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and since the granting to the Company of the general mandate to repurchase shares in accordance with Ordinary Resolution No. 6 set out in the Notice.”

8. To transact any other business.

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

Hong Kong, April 7, 2006

*Notes:*

1. In respect of Ordinary Resolutions No. 5 to No. 7 the directors wish to state that they have no immediate plans to purchase any existing shares or to issue any shares or warrants.
2. In relation to the directors proposed to be appointed and the directors proposed to be re-elected at the Annual General Meeting, their biographical and other details as required under Chapter 13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited are provided in the section headed “Directors’ Report” in the Company’s 2005 annual report.
3. 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 in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.
4. To be valid, a 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 that power of attorney or authority must be lodged at the share registrar of the Company, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.

Please also refer to the published version of this announcement in The Standard.