

PROPOSED CASH DIVIDEND AND RIGHTS CUM WARRANTS ISSUE

1. INTRODUCTION

1.1 Cash Dividend and Rights cum Warrants Issue.

The Board of Directors of ecoWise Holdings Limited (the "**Company**") wishes to announce the following exercises ("**Exercises**") to be undertaken by the Company:-

- (a) a proposed special interim tax exempt (one-tier) cash dividend for the financial year ending 31 October 2007 of 3.0 cents net ("**Cash Dividend**") per ordinary share in the capital of the Company ("**Share**") in respect of Shares held by shareholders of the Company ("**Shareholders**") as at a books closure date to be announced by the Company ("**Books Closure Date**"); and
- (b) a proposed renounceable non-underwritten rights issue of up to 249,975,000 new Shares ("**Rights Shares**") at an issue price of S\$0.01 for each Rights Share, with up to 83,325,000 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new Share ("**New Share**") at an exercise price of S\$0.05 (the "**Rights cum Warrants Issue**"), on the basis of:-
 - (i) three (3) Rights Shares for every one (1) Share held by Entitled Shareholders (as defined in Section 4.4 below) as at the Books Closure Date, fractional entitlements to be disregarded; and
 - (ii) one (1) Warrant for every three (3) Rights Shares subscribed,and the availability of option to elect to utilise the Cash Dividend to subscribe for Rights Shares (the "**Election Option**").

1.2 The Company has appointed Phillip Securities Pte Ltd as the manager for the Rights cum Warrants Issue ("**Manager**").

2. RATIONALE FOR THE EXERCISES

2.1 **Cash Dividend.** The purpose of the Cash Dividend is to reward Shareholders for their loyalty and support to the Company over the years with a special dividend payout. Shareholders will also be given an option to re-invest their Cash Dividend by subscribing for the Rights Shares with Warrants.

2.2 **Rights cum Warrants Issue.** The Rights cum Warrants Issue has been proposed to strengthen the capital base of the Company following the payment of the Cash Dividend. Assuming that the Cash Dividend is utilised to subscribe for the Rights cum Warrants Issue, the Rights cum Warrants Issue will in effect transform a proportionate amount of the Company's retained earnings into paid-up capital of the Company. The Rights Shares issued pursuant to the Rights cum Warrants Issue and the New Shares issued pursuant to the exercise of the Warrants will also improve the market liquidity of the Shares on the

Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") Dealing and Automated Quotation System ("SGX-SESDAQ").

In the event that all the 83,325,000 Warrants are exercised, the gross proceeds arising from the exercise of the Warrants will amount to approximately S\$4.2 million.

As and when the Warrants are exercised, the proceeds arising from there may, at the discretion of the Directors, be applied towards repayment of the Group's borrowings, investment purposes, working capital and/or such other purposes as the Directors may deem fit.

3. CASH DIVIDEND

3.1 **Terms.** Under the terms of the Cash Dividend, all Shareholders as at the Books Closure Date will receive a tax exempt (one-tier) cash dividend of 3.0 cents per Share. The Cash Dividend is a special interim dividend declared for the financial year ending 31 October 2007 and will be subject to the approval of Shareholders at an extraordinary general meeting ("**Extraordinary General Meeting**") to be held in connection with the Cash Dividend and the Rights cum Warrants Issue.

3.2 **Size of Cash Dividend.** Based on the issued share capital of 83,325,000 Shares as at the date of this Announcement, and assuming there is no further change in the outstanding issued Shares of the Company as at the Books Closure Date, the Cash Dividend will amount to approximately S\$2.5 million.

3.3 **Election Option.** Entitled Shareholders (defined below) will have an option to elect to utilise all or part of the Cash Dividend which they are entitled to receive based on the Shares held by them as at the Books Closure Date to subscribe for the Rights Shares with Warrants. For Entitled Shareholders who elect to utilise all of their Cash Dividend to subscribe for the Rights Shares with Warrants that are provisionally allotted to them, no further cash outlay is required of them. Further details are set out in Section 4.2 below.

For the avoidance of doubt, Foreign Shareholders (defined below) will not be offered the Rights Shares with Warrants but will qualify for the Cash Dividend, based on the number of Shares held by them as at the Books Closure Date.

3.4 Shareholders whose names appear in the records of The Central Depository (Pte) Limited ("**CDP**") or the Register of Members of the Company, as the case may be, as at the Books Closure Date, will have the cheques for payment of their entitlements to the Cash Dividend and, if applicable for Entitled Shareholders, less the amount of Cash Dividend applied to subscribe for the relevant Rights Shares with Warrants, despatched to them by ordinary post at their own risk to their respective addresses as they appear in the records of CDP or in the Register of Members of the Company, as the case may be, and in the case where such Shareholders have designated their bank accounts for direct crediting of their dividends and other distributions, will have the payment directly credited by CDP to their designated bank accounts.

4. RIGHTS CUM WARRANTS ISSUE

4.1 **Terms.** The Company is proposing the Rights cum Warrants Issue to be offered on a renounceable basis to Entitled Shareholders on the basis of three (3) Rights Shares with one (1) free detachable Warrant, for every one (1) Share held by Entitled Shareholder as at the Books Closure Date at S\$0.01 per Rights Share ("**Issue Price**"), fractional

entitlements to be disregarded. Each Warrant carries the right to subscribe for one (1) New Share at an exercise price of S\$0.05 each ("**Exercise Price**").

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and receive the Offer Information Statement (defined below) together with the appropriate application forms and accompanying documents at their respective Singapore addresses.

The Warrants are immediately detachable from the Rights Shares upon issue and will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the SGX-ST upon the listing and quotation of the Warrants on the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants. Each Warrant will, subject to the terms and conditions to be set out in an instrument constituting the Warrants (the "**Deed Poll**"), carry the right to subscribe for one (1) New Share at the Exercise Price, at any time during the period commencing on and including the date of issue of the Warrants and expiring on a date immediately preceding the third (3rd) anniversary of such date of issue. The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll. The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which is before the relevant date of exercise of the Warrants.

The Issue Price represents a discount of approximately 98.3% to the closing price of S\$0.595 per Share on the SGX-SESDAQ on 23 July 2007, being the last trading day of the Shares on SGX-SESDAQ prior to the date of this Announcement.

- 4.2 **Availability of Election Option.** Entitled Shareholders may elect to utilise all or part of their Cash Dividend (to the extent it is sufficient) to subscribe for the Rights Shares with Warrants that are provisionally allotted to them. Entitled Depositors (defined below) may elect to utilise all or part of their Cash Dividend (to the extent it is sufficient) to make payment for any excess Rights Shares with Warrants application while Entitled Scripholders (defined below) will not be able to utilise any part of their Cash Dividend to make payment for any excess Rights Shares with Warrants application. There is no additional cash outlay from Entitled Shareholders if they elect to utilise all the Cash Dividend to which they are entitled to subscribe for the Rights Shares with Warrants provisionally allotted to them.

For illustrative purposes only, an Entitled Shareholder who holds 1,000 Shares as at the Books Closure Date will be entitled:-

- (a) to receive the Cash Dividend of three (3) cents in respect of each Share, which amounts to S\$30.00 that is receivable by such Shareholder; and
- (b) to accept his provisional allotment of 3,000 Rights Shares with 1,000 free detachable Warrants, which amounts to S\$30.00 that is payable by such Shareholder.

Such Shareholder may elect to utilise the whole of the S\$30.00 of Cash Dividend to subscribe for his provisional allotment of Rights Shares with Warrants, in which event he will receive 3,000 Rights Shares with 1,000 free detachable Warrants and there will be no further cash outlay required of him.

- 4.3 **Size of Rights cum Warrants Issue.** Based on the issued share capital of 83,325,000 Shares as at the date of this Announcement, and assuming there is no further change in

the outstanding issued Shares of the Company as at the Books Closure Date, up to 249,975,000 Rights Shares with 83,325,000 free detachable Warrants will be issued.

- 4.4 **Eligibility of Shareholders to Participate in the Rights cum Warrants Issue.** The Company proposes to provisionally allot Rights Shares with Warrants to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**") comprising Entitled Depositors and Entitled Scripholders (both as defined below).
- 4.5 **Entitled Depositors.** Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five (5) Market Days (a Market Day being a day on which the SGX-ST is open for securities trading) prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.
- 4.6 **Entitled Scripholders.** Shareholders whose share certificates are not deposited with CDP and who have tendered to Lim Associates (Pte) Ltd (the "**Share Registrar**") valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least five (5) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.
- 4.7 **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights cum Warrants Issue is only made in Singapore and the Rights Shares with Warrants will NOT be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) Market Days prior to the Books Closure Date, provided the CDP or Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The offer information statement ("**Offer Information Statement**") to be issued in relation to and for the purposes of the Rights cum Warrants Issue and the accompanying documents will not be mailed outside Singapore.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may provide a Singapore address by notifying in writing, as the case may be, (a) CDP at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807 or (b) ecoWise Holdings Limited c/o the Share Registrar, Lim Associates (Pte) Ltd, 3 Church Street #08-01 Samsung Hub, Singapore 049483, not later than five (5) Market Days before the Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-SESDAQ as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign

Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold “nil-paid” on the SGX-SESDAQ, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares with Warrants or the Rights Shares with Warrants represented by such provisional allotment.

- 4.8 **Provisional Allotments.** Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial Shareholders will rank last in priority.
- 4.9 **Offer Information Statement.** The terms and conditions of the Rights cum Warrants Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue (including the option to elect to utilise the Cash Dividend to subscribe for the Rights Shares with Warrants) will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.
- 4.10 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares. The New Shares arising from the exercise of the Warrants will rank *pari passu* in all respects with the then existing issued Shares.
- 4.11 **Non-Underwritten Rights cum Warrants Issue.** The Rights cum Warrants Issue will not be underwritten as the Issue Price represents an attractive discount to the current traded price of the Shares.
- 4.12 **Odd Lots.** Shareholders should note that they are able to trade odd lots of Shares in board lots of one Share on the Unit Share Market of the Official List of the SGX-SESDAQ.

5. APPROVALS

- 5.1 **Cash Dividend.** The Cash Dividend is a special interim dividend declared for the financial year ending 31 October 2007 and will be subject to the approval of Shareholders at the Extraordinary General Meeting.
- 5.2 **Rights cum Warrants Issue.** The Rights cum Warrants Issue is subject to, *inter alia*, the following:-
- (a) the in-principle approval of the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the Official List of the SGX-SESDAQ;

- (b) the Rights cum Warrants Issue being approved by the Shareholders at the Extraordinary General Meeting; and
- (c) the lodgment of the Offer Information Statement with the Monetary Authority of Singapore.

An application will be made by the Company to obtain the approval of the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on the SGX-SESDAQ. An appropriate announcement on the outcome of the application will be made in due course. A circular to Shareholders containing, *inter alia*, the notice of the Extraordinary General Meeting and details of the Cash Dividend and Rights cum Warrants Issue will be despatched to Shareholders in due course. Subject to the fulfillment of the conditions set out in Sections 5.2(a) and (b) above, the Offer Information Statement will be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course.

6. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who may have been delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

LEE THIAM SENG
Executive Director

24 July 2007