

BONUS DIVIDEND AND PROPOSED RIGHTS ISSUE

1. INTRODUCTION

1.1 Bonus Dividend and Proposed Rights 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 special interim tax exempt (one-tier) cash dividend ("**Bonus Dividend**") for the financial year ending 31 October 2008 of S\$0.01 net 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 214,165,181 new Shares ("**Proposed Rights Shares**") at an issue price of S\$0.01 for each Proposed Rights Share (the "**Proposed Rights Issue**"), on the basis of one (1) Proposed Rights Share for every two (2) Shares held by Entitled Shareholders (as defined in Section 4.4 below) as at the Books Closure Date, fractional entitlements to be disregarded, and the availability of option to elect to utilise the Bonus Dividend to subscribe for Proposed Rights Shares (the "**Election Option**").

- 1.2 The Company has appointed Collins Stewart Pte. Limited as the manager for the Proposed Rights Issue ("**Manager**").

2. RATIONALE FOR THE EXERCISES

- 2.1 **Bonus Dividend.** The purpose of the Bonus 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 Bonus Dividend by subscribing for the Proposed Rights Shares.
- 2.2 **Proposed Rights Issue.** The Proposed Rights Issue has been proposed to strengthen the capital base of the Company following the payment of the Bonus Dividend. Assuming that the Bonus Dividend is utilised to subscribe for the Proposed Rights Issue, the Proposed Rights Issue will in effect transform a portion of the Company's retained earnings into paid-up capital of the Company. The Proposed Rights Issue also provides an opportunity for Entitled Shareholders to re-invest their Bonus Dividend by subscribing for the Proposed Rights Shares at a discount to the current market price. The Proposed Rights Shares issued pursuant to the Proposed Rights Issue will also improve the market liquidity of the Shares on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

3. BONUS DIVIDEND

3.1 **Terms.** Under the terms of the Bonus Dividend, all Shareholders as at the Books Closure Date will receive a tax exempt (one-tier) cash dividend of S\$0.01 per Share. The Bonus Dividend is a special interim dividend declared for the financial year ending 31 October 2008.

3.2 **Size of Bonus Dividend.** For illustration purposes only, based on the issued share capital of the Company of 376,067,246 Shares as at the date of this Announcement, and assuming there are no further changes in the outstanding issued Shares of the Company as at the Books Closure Date, the aggregate amount of the Bonus Dividend will be approximately S\$3.8 million.

However, the exact amount of the Bonus Dividend determined as at the Books Closure Date may be higher, in the event new Shares are issued following the exercise of the outstanding warrants ("**Warrants**") issued pursuant to the rights cum warrants issue undertaken by the Company in 2007. Based on the issued share capital of the Company of 376,067,246 Shares as at the date of this Announcement, and assuming all the 52,263,116 outstanding Warrants are exercised by the Books Closure Date, the aggregate amount of the Bonus Dividend will be approximately S\$4.3 million.

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

In addition, Entitled Shareholders may also make applications for excess Proposed Rights Shares and, in the case of Entitled Depositors (as defined in Section 4.5 below), they may elect to utilise the balance of their Bonus Dividend to subscribe for the excess Proposed Rights Shares.

For the avoidance of doubt, Foreign Shareholders (defined below) will not be offered the Proposed Rights Shares but will qualify for the Bonus 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 Bonus Dividend and, if applicable for Entitled Shareholders, less the amount of Bonus Dividend applied to subscribe for the relevant Proposed Rights Shares, 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. PROPOSED RIGHTS ISSUE

4.1 **Terms.** The Company is proposing the Proposed Rights Issue to be offered on a renounceable basis to Entitled Shareholders on the basis of one (1) Proposed Rights Share for every two (2) Shares held by Entitled Shareholders as at the Books Closure

Date at S\$0.01 per Proposed Rights Share ("**Issue Price**"), fractional entitlements to be disregarded.

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

The Issue Price represents a discount of approximately 94.9% to the closing price of S\$0.195 per Share on the SGX-ST on 22 July 2008, being the last trading day of the Shares on SGX-ST prior to the date of this Announcement.

- 4.2 **Availability of Election Option.** Entitled Shareholders may elect to utilise all or part of their Bonus Dividend (to the extent it is sufficient) to subscribe for the Proposed Rights Shares that are provisionally allotted to them. Entitled Depositors may elect to utilise all or part of their Bonus Dividend (to the extent it is sufficient) to make payment for any excess Proposed Rights Shares application while Entitled Scripholders (as defined in Section 4.6 below) will not be able to utilise any part of their Bonus Dividend to make payment for any excess Proposed Rights Shares application. There is no additional cash outlay from Entitled Shareholders if they elect to utilise all the Bonus Dividend to which they are entitled to subscribe for the Proposed Rights Shares provisionally allotted to them.

For illustrative purposes only, an Entitled Shareholder who holds 10,000 Shares as at the Books Closure Date will be entitled:-

- (a) to receive the Bonus Dividend of S\$0.01 in respect of each Share, which amounts to S\$100.00 that is receivable by such Shareholder; and
- (b) to accept his provisional allotment of 5,000 Proposed Rights Shares, which amounts to S\$50.00 that is payable by such Shareholder.

Such Entitled Shareholder may elect to utilise S\$50.00, being part of his Bonus Dividend, to subscribe for his provisional allotment of Proposed Rights Shares, in which event he will receive 5,000 Proposed Rights Shares, and S\$50.00 (being the balance of Bonus Dividend). In the case of an Entitled Depositor, he may elect to utilise any part of the balance of the Bonus Dividend to apply for excess Proposed Rights Shares.

- 4.3 **Size of Proposed Rights Issue.** For illustrative purposes only, based on the issued share capital of 376,067,246 Shares as at the date of this Announcement, and assuming there is no further changes in the outstanding issued Shares of the Company as at the Books Closure Date, up to 188,033,623 Proposed Rights Shares will be issued.

However, the exact number of Proposed Rights Shares determined as at the Books Closure Date may be higher, in the event new Shares are issued following the exercise of the Warrants. Based on the issued share capital of 376,067,246 Shares as at the date of this Announcement, and assuming all the 52,263,116 outstanding Warrants are exercised by the Books Closure Date, the Company will issue up to 214,165,181 Proposed Rights Shares.

- 4.4 **Eligibility of Shareholders to Participate in the Proposed Rights Issue.** The Company proposes to provisionally allot the Proposed Rights Shares to all Shareholders who are eligible to participate in the Proposed Rights Issue ("**Entitled Shareholders**") comprising Entitled Depositors and Entitled Scripholders.

- 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 Boardroom Corporate & Advisory Services 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 Proposed Rights Issue is only made in Singapore and the Proposed Rights Shares 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 Proposed Rights Issue and the accompanying documents will not be mailed outside Singapore.

Foreign Shareholders who wish to be eligible to participate in the Proposed Rights 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, Boardroom Corporate & Advisory Services 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 Proposed Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the Official List of the SGX-ST as soon as practicable after dealings in the provisional allotments of Proposed Rights Shares 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 Proposed Rights Shares are sold "nil-paid" on the Official List of the SGX-ST, 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 Proposed Rights Shares or the Proposed Rights Shares 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 Proposed Rights Shares and will be eligible to apply for additional Proposed Rights Shares in excess of their provisional allotments under the Proposed Rights Issue. Fractional entitlements to the Proposed Rights Shares 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 Proposed Rights Shares, 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 Proposed Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights Issue (including the Election Option) will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.
- 4.10 **Ranking.** The Proposed 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.
- 4.11 **Non-Underwritten Proposed Rights Issue.** The Proposed Rights Issue will not be underwritten as the Issue Price represents an attractive discount to the current traded price of the Shares.
- 4.12 **Substantial Shareholders' Undertaking.** Lee Thiam Seng (Chairman & Chief Executive Officer), Sunny Ong Keng Hua (Executive Director) and ecoHub Pte. Ltd. (substantial Shareholder), collectively the "**Undertaking Shareholders**", have irrevocably undertaken to elect to utilise their Bonus Dividends to subscribe for all their direct entitlements of Proposed Rights Shares under the Proposed Rights Issue (including rights entitlements to new Shares to be issued pursuant the exercise of outstanding Warrants). As at the date of this Announcement, the Undertaking Shareholders hold direct interests of 200,405,250 Shares (representing approximately 53.3% of the issued share capital of the Company) and 19,097,250 outstanding Warrants. In the event the Undertaking Shareholders exercise their 19,097,250 outstanding Warrants by the Books Closure Date, the Undertaking Shareholders will hold direct interests of 219,502,500 Shares (representing approximately 55.6% of the issued share capital of the Company) with direct entitlements of 109,751,250 Proposed Rights Shares under the Proposed Rights Issue.

The Undertaking Shareholders have obtained a written confirmation from the Securities Industry Council of Singapore on 9 July 2008 that they are, in relation to the Proposed Rights Issue, considered as parties acting in concert and their voting rights are to be aggregated for the purposes of determining whether a mandatory offer under rule 14 of the Singapore Code on Take-overs and Mergers are triggered.

- 4.13 **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-ST.

5. APPROVALS

- 5.1 **Proposed Rights Issue.** The Proposed Rights Issue is subject to, *inter alia*, the following:-

- (a) the in-principle approval of the SGX-ST for the listing and quotation of the Proposed Rights Shares on the Official List of the SGX-ST; and
- (b) 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 Proposed Rights Shares on the Official List of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course. Subject to the fulfillment of any conditions to be set out in the in-principle approval of the SGX-ST, 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

23 July 2008