

PRESS RELEASE

EQUATION TO ACQUIRE SOLAR MORPH, SPEARHEADING SINGAPORE'S FIRST THIN FILM AMORPHOUS SILICON PANEL PLANT

SINGAPORE July 5 2007 – Singapore is set to launch its first solar panel manufacturing plant using **Thin-Film Amorphous Silicon Technology** in the fourth quarter of this year – making it the first country in this region to operate one. The 10,000m² plant, utilising a fully automated manufacturing process with a final annual capacity of 60MW (Mega Watt), is expected to employ 200 high-tech skilled operators and engineers when fully operational.

SGX Sesdaq-listed Equation Corp Limited (“Equation”) through its newly-acquired subsidiary Solar Morph Pte. Ltd. (“SolarMorph”), a Singapore-registered company will undertake the construction and operation of the plant in Singapore, commencing with establishing a 20MW manufacturing line by mid-2008 and continue to expand to its full 60MW annual capacity by 2010.

Mr Eddie Chng, the Executive Chairman of Equation, will be the Chairman of SolarMorph. The founders of SolarMorph, Mr Frank Phuan and Mr Jinsi Lee are both experienced industry operators. Mr Phuan pioneered the installation of the first grid-connected solar system at the Singapore German European School. Mr Lee is an entrepreneur with experience in the building material industry.

Commenting on Equation's decision to take an initial stake representing 69.6% of the voting rights in Solar Morph, Mr Eddie Chng said: "We strongly believe in the great potential of solar energy. The future growth in the multi-billion dollar energy sector is tremendous and Singapore has the right infrastructure and resources, as well as the governmental commitment to take the lead in solar energy supply in the region. As a 19-year operator in the semiconductor industry, I believe the talent pool of executives and research engineers, and the supporting industries surrounding our semiconductor industry will allow SolarMorph to grow rapidly. But unlike semi-conductors, the solar industry does not require supply chain like design houses to

feed our fabs. The solar panel business is a good export business, solar modules or panels made here will be able to leverage on Singapore's premium brand name to appeal to USA and EU consumers."

The initial 20MW plant will require S\$120M to build. SolarMorph intends to fund the plant with S\$60M in equity and the remaining through debt financing. To-date, SolarMorph has completed its first round of fund-raising - obtaining investments and commitments for S\$16 million in funds, led by Tembusu Ventures through its affiliated fund, Tembusu Capital.

Under its investment agreement with SolarMorph, Equation Corp will take an initial stake representing 69.6% of the voting rights in SolarMorph with an initial investment of S\$15.5 million. Equation Corp will be issuing convertible bonds which are partially convertible into shares in Equation at the conversion price of S\$0.355 to partially fund this initial investment. Equation may inject further investments in SolarMorph up to an aggregate of S\$48 million. Equation will further assist to raise S\$90 million in debt financing for SolarMorph.

Groundbreaking of the plant is scheduled to take place in fourth quarter of 2007. Production is scheduled to start in July 2008 and will be ramped up to full capacity by early 2009. SolarMorph has already secured a three-year off-take agreement worth US\$120 million.

Thin film amorphous silicon technology is one of the latest initiatives in harnessing solar power using a fully automated manufacturing process and enhancing delivery in terms of lower costs and increased reliability. Thin film amorphous silicon technology uses 3-5 times less energy and use less than 1% of silicon than the traditional crystalline technology, which is currently being used by solar panel manufacturers.

Mr Chng said, "Thin-film technology is most successful in achieving low manufacturing costs in the long run and will be the technology that will enable solar energy prices to reach grid parity, in similar pattern of Moore's Law of transistor capacity doubling every 18 months. What you will see then is the explosive application of thin-film solar that will drive the demand growth for solar energy."

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About Solar Morph Pte. Ltd.

Solar Morph Pte. Ltd. ("SolarMorph") is a Singapore-registered company in the solar energy sector, to undertake the construction and operation of a 60MW solar panel manufacturing plant in Singapore, using Thin-Film Amorphous Silicon Technology.

About Equation Corp Limited

Equation Corp Limited was previously known as Heshe Holdings Limited. On 26 September 2006, the Company changed its name to Equation Corp Limited. Equation Group's current core business segments include:

- investment holdings;
- fully integrated provider of electronic waste recycling services;
- trading of ferrous/non-ferrous metals and electronic waste products;
- sales and distribution of audio, video and other consumer electronics products; and
- property development businesses

For more information, please visit their website at www.equcorp.com.

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