



EQUATION CORP LIMITED

(Company Registration No.: 197501110N)

LIQUIDATION OF XIAMEN XIANGYU PRESTO TRADING LTD

The Company refers to its previous announcement on 18 December 2006 in connection with the liquidation of Xiamen Xiangyu Presto Trading Ltd (“**Xiamen Xiangyu**”) and the formation of a liquidation committee to oversee the liquidation process based on the terms agreed by parties.

Xiamen Xiangyu, incorporated in the People's Republic of China, is a 75% owned investment of the Company. Xiamen Xiangyu was de-consolidated from the Group's financial statements with effect from the financial year ended 30 June 2005 as the Company was not able to meaningfully exercise its shareholder's rights in Xiamen Xiangyu, nor was the Company able to exercise any significant influence over Xiamen Xiangyu's financial and operating policies.

The liquidation committee has on 7 August 2008 lodged the requisite application to strike off Xiamen Xiangyu from the register with Xiamen Industrial and Commercial Administrative Bureau.

The Company managed to realise approximately S\$1.2 million, being part of its investment costs in Xiamen Xiangyu. Since the Company had provided in full the cost of investment in Xiamen Xiangyu in previous financial years, any realisation in the investment cost in Xiamen Xiangyu will have a positive impact on the Group.

By Order of the Board

Chng Weng Wah
Director
22 August 2008