



(Company Registration No. 197501110N)
(the "Company")

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**ANNOUNCEMENT MADE BY CENTILLION ENVIRONMENT & RECYCLING LIMITED
("Centillion") ON 4 SEPTEMBER 2009**

Equation Corp Limited (the "Company") wishes to announce that Centillion, its associated company, has on 4 September 2009 broadcasted an announcement in relation to "Update: Variation to ECL Loan, Irrevocable Undertaking by ECL and Use of Proceeds of Rights Issue."

A copy of the aforesaid announcement made by Centillion on 4 September 2009 is attached to this announcement.

By Order of the Board


Chng Weng Wah
Director
4 September 2009

Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	CENTILLION ENV & RECYC LIMITED
Company Registration No.	199206445M
Announcement submitted on behalf of	CENTILLION ENV & RECYC LIMITED
Announcement is submitted with respect to *	CENTILLION ENV & RECYC LIMITED
Announcement is submitted by *	Tan San-Ju
Designation *	Company Secretary
Date & Time of Broadcast	04-Sep-2009 18:57:34
Announcement No.	00158

>> Announcement Details
The details of the announcement start here ...

Announcement Title * UPDATE: VARIATION TO ECL LOAN, IRREVOCABLE UNDERTAKING BY ECL AND USE OF PROCEEDS OF RIGHTS ISSUE

Description Please refer to attached.

Attachments
 Centillion-Update_on_ECL_Loan_and_use_of_proceeds.pdf
Total size = **60K**
(2048K size limit recommended)

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CENTILLION ENVIRONMENT & RECYCLING LIMITED
(the "Company")
(Company Registration No. 199206445M)

UPDATE: VARIATION TO ECL LOAN, IRREVOCABLE UNDERTAKING BY ECL AND USE OF PROCEEDS OF RIGHTS ISSUE

Unless otherwise defined, capitalized terms in this announcement shall have the same meaning ascribed to them in the announcements dated 30 June 2009 and 21 August 2009.

This announcement is made further to the announcement made by the Company on 30 June 2009 relating to *inter alia*, the Rights Issue and the ECL Loan and the announcement made by the Company on 21 August 2009 relating to *inter alia*, clarification on the use of proceeds of the Rights Issue.

1. Variation to ECL Loan

- 1.1 ECL and the Company have on 4 September 2009 executed a letter of variation ("**Letter of Variation**") varying certain terms of the ECL Loan.
- 1.2 Under the Letter of Variation, ECL will increase the ECL Loan from S\$500,000 to S\$2,000,000.
- 1.3 Pursuant to the Letter of Variation:-
 - (a) ECL has given an irrevocable undertaking to the Company to take up and pay for 400,000,000 Rights Shares ("**ECL Undertaking Shares**") (the "**ECL Undertaking**") in accordance with the terms of the Rights Issue.
 - (b) ECL agrees that the Company may apply the ECL Loan towards payment for ECL's application for the ECL Undertaking Shares and all such amount applied shall be deemed *pro tanto* full and final repayment of the ECL Loan.

2. ECL Undertaking

- 2.1 As at the date of this announcement, ECL, a substantial shareholder of the Company holds 1,747,448,344 Shares, representing a shareholding interest of approximately 28.07% in the current issued share capital of the Company. Accordingly ECL will be entitled to subscribe for an aggregate of 524,234,503 Rights Shares (the "**ECL Rights Shares**").
- 2.2 For the avoidance of doubt, the ECL Undertaking Shares forms a portion of the ECL Rights Shares. ECL's subscription of the ECL Undertaking Shares shall not limit or prejudice its right to subscribe for the remaining 124,234,503 ECL Rights Shares (the "**Remaining ECL Rights Shares**") and to apply for Rights Shares in excess of the ECL Rights Shares (the "**ECL Excess Rights Shares**").
- 2.3 Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Remaining ECL Rights Shares and/or

the ECL Excess Rights Shares by ECL to avoid placing ECL in the position of incurring a mandatory general offer obligation under the Code on Takeovers and Mergers in the event the Rights issue is not fully subscribed.

- 2.4 ECL has irrevocably undertaken to the Company, *inter alia*, that until the completion of the Rights Issue, it will not sell, transfer or otherwise dispose of its Shares or otherwise create any encumbrances over such Shares.

3. Use of Proceeds of Rights Issue

- 3.1 In view of the ECL Undertaking, the use of net proceeds of approximately S\$9.0 million from the Rights Issue shall be revised as follows:-

- (a) approximately S\$1.9 million to make payments of the respective Balance Sum payable to the relevant Metech Vendors pursuant to the terms of the Settlement Agreement;
- (b) approximately S\$1.3 million to make payments of the respective Balance Sum payable to the relevant GRX Vendors pursuant to the terms of the Settlement Agreement;
- (c) approximately S\$2.0 million for repayment of the ECL Loan;
- (d) approximately S\$1.7 million to make the partial payment towards the settlement of all professional fees and expenses due to nTan Corporate Advisory Pte Ltd ("**nTan**") in accordance with a settlement agreement dated 18 April 2009 (as amended by an amendment agreement dated 8 August 2008 ("**Amendment Agreement**")) entered between the Company and nTan (as at the date hereof, the sum of S\$1,703,493 is due and owing by the Company to nTan); and
- (e) approximately S\$2.1 million as working capital.

In order for the Company to meet its payment obligation under items 3.1(a) to 3.1(d) and to meet the Company's working capital requirements, the Directors are of the view that the minimum amount that must be raised from the Rights Issue is S\$9.0 million.

3.2 Amount raised from the Rights Issue is S\$6.2 million ("**Minimum Subscription**")

In the event of a Minimum Subscription whereby net proceeds of S\$6.2 million (net of estimated expenses of S\$0.3 million) is raised through Shareholders who have undertaken to subscribe for the Rights Issue below:-

- (a) S\$1.3 million in cash pursuant to the undertaking provided by OHLF;
- (b) S\$3.2 million pursuant to the undertakings provided by the Settlement Vendors to subscribe for the Settlement Vendors' Undertaking Shares, i.e. the subscription will not be accompanied by any cash consideration but will instead be offset against the Balance Sum; and
- (c) S\$2.0 million pursuant to the ECL Undertaking, i.e. the subscription will not be accompanied by any cash consideration but will instead offset against the ECL Loan,

the Directors intend to utilize the net proceeds of S\$6.2 million to make payments of S\$5.2 million described under 3.1(a) and 3.1(c) above. The remaining balance of S\$1.0 million will be used as the Company's working capital. The Company will then carry out further fund-raising exercise and/or enter into further negotiations with nTan to restructure the amounts due to nTan.

3.2 Amount raised from the Rights Issue is more than S\$6.2 million and less than S\$9.0 million

In the event that the net proceeds raised from the Rights Issue is more than S\$6.2 million (under the Minimum Subscription) and less than S\$9.0 million (under the Maximum Subscription as defined below), the Directors intend to utilize the net proceeds to make payments of S\$5.2 million described under 3.1(a) and 3.1(c) above. As the Rights Issue is undersubscribed, the Settlement Vendors will be required to exercise their undertakings to subscribe for the Settlement Excess Rights Shares. As such, the payments of S\$5.2 million described under 3.1(a) and 3.1(b) will be fully settled via the issuance of the Settlement Vendors' Undertaking Shares and ECL Undertaking Shares. The remaining balance consisting fully of the cash proceeds raised in the Rights Issue will be used as the Company's working capital. The Company will then carry out further fund-raising exercise and/or enter into further negotiations with nTan to restructure the amounts due to nTan.

3.3 Amount raised from the Rights Issue is S\$9.0 million ("Maximum Subscription")

3.3.1 In the event of a Maximum Subscription where the Rights Issue is fully subscribed by its Entitled Shareholders and the Settlement Vendors are not allotted any Settlement Excess Rights Shares, net proceeds of S\$9.0 million (net of estimated expenses of S\$0.3 million) will be raised. The funds raised will be utilized for items described in 3.1(a) to 3.1(e) above. For the avoidance of doubt, the net proceeds raised include:-

- (a) S\$6.9 million in cash;
- (b) S\$0.066 million being the Settlement Rights Shares issued pursuant to the undertakings provided by the Settlement Vendors to subscribe for the Settlement Vendors' Undertaking Shares, i.e. the subscription will not be accompanied by any cash consideration but will instead be offset against the Balance Sum. The Company will utilize the cash proceeds from the Rights Issue to pay any amount of the Balance Sum not settled by the issuance of Settlement Excess Rights Shares; and
- (c) S\$2.0 million being the ECL Undertaking Shares issued to ECL, i.e. the subscription will not be accompanied by any cash consideration but will instead be offset against the ECL Loan.

3.3.2 In the event of a Maximum Subscription where the Rights Issue is partially or fully subscribed by the Entitled Shareholders, the Settlement Vendors will subscribe for the Settlement Excess Rights Shares pursuant to their undertakings and will be allotted some or all of the Settlement Excess Rights Shares raising net proceeds of S\$9.0 million (net of estimated expenses of S\$0.3 million). The funds raised will be utilized for items described in 3.1(a) to 3.1(e) above. For the avoidance of doubt, the net proceeds raised include:-

- (a) up to S\$3.8 million in cash;

- (b) up to S\$3.2 million being the Settlement Vendors' Undertaking Shares issued to the Settlement Vendors, i.e. the subscription will not be accompanied by any cash consideration but will instead be offset against the Balance Sum. As such, the payments of S\$3.2 million described under 2.1(a) and 2.1(b) will be fully settled via cash and/or the issuance of the Settlement Vendors' Undertaking Shares; and
 - (c) S\$2.0 million being the ECL Undertaking Shares issued to ECL, i.e. the subscription will not be accompanied by any cash consideration but will instead be offset against the ECL Loan.
- 3.4 Accordingly, regardless of the subscription level of the Rights Issue, items 3.1(a) to 3.1(c) will be settled by the Rights Issue as the Balance Sum and the ECL Loan will be settled by the issuance of the Settlement Rights Shares, Settlement Excess Rights Shares, ECL Undertaking Shares and/or cash, while item 3.1(d) will be fully settled by the Rights Issue only in the event of a Maximum Subscription.

By Order of the Board

Richard Basil Jacob
Director
4 September 2009