



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

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## **RIGHTS ISSUE AND REQUEST FOR TRADING HALT BY CENTILLION & ENVIRONMENT RECYCLING LIMITED ("Centillion")**

Equation Corp Limited (the "Company") wishes to announce that Centillion, its associated company, have on 30 June 2009 made the following announcements:-

- (1) Proposed renounceable and non-underwritten rights issue of up to 1,858,585,040 new ordinary shares in the issued share capital of the company at an issue price of S\$0.005 for each rights share on the basis of three (3) rights shares for every ten (10) existing shares in the issued share capital of the company held as at the books closure date, fractional entitlements to be disregarded.
- (2) Request for Trading Halt pending the outcome of the negotiations with the Vendors of Computer & Electronics Recycling LLC ("GRX") and the Vendors of Metech International, Inc. ("Metech") on the terms of payment of various sums owing by the Company to the GRX Vendors and Metech Vendors and an announcement.

Copies of the aforesaid announcements made by Centillion on 30 June 2009 are attached to this announcement.

By Order of the Board

Chng Weng Wah  
Director  
1 July 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               30-Jun-2009 18:40:42  
Announcement No.                        00152

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

Announcement Title \*                   PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,858,585,040 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.005 FOR EACH RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TEN (10) EXISTING SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY HELD AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

Description                               Please see attached.

Attachments                              📎 Proposed\_Rights\_Issue.pdf  
Total size = **137K**  
(2048K size limit recommended)



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

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**PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,858,585,040 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.005 FOR EACH RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TEN (10) EXISTING SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY HELD AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

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**1. INTRODUCTION**

The Board of Directors of the Company (the "**Directors**") wishes to announce that the Company is proposing a renounceable and non-underwritten rights issue of up to **1,858,585,040<sup>1</sup>** new ordinary shares in the issued share capital of the Company (the "**Rights Issue**") at an issue price of S\$0.005 for each Rights Share and on the basis of three (3) Rights Shares for every ten (10) existing ordinary shares in the issued and paid-up share capital of the Company (the "**Shares**") held by shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors for the purpose of determining Shareholders' entitlements under the Rights Issue (the "**Books Closure Date**").

**2. PROPOSED PRINCIPAL TERMS OF THE RIGHTS ISSUE**

2.1 The Rights Issue is proposed to be offered on a renounceable basis to Shareholders whose registered addresses with the Company or the Central Depository (Pte) Ltd ("**CDP**") as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP as the case may be, addresses in Singapore for the service of notices and documents ("**Entitled Shareholders**") on the basis of three (3) Rights

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<sup>1</sup> As of the date hereof, the Company has granted options (the "**Share Options**") under the Centillion Share Option Scheme (formerly known as the Citiraya Share Option Scheme) (the "**ESOS**") adopted by Shareholders of the Company on 13 June 2002. In the event that the Share Options that have been vested are exercised prior to the Books Closure Date, the maximum number of Shares in issue on the applicable Books Closure Date for the Rights Issue would be approximately 6,195,283,469 and the maximum number of Rights Shares that can be issued pursuant to the Rights Issue would be 1,858,585,040.

In the event that none of the Share Options that have been vested are exercised prior to the Books Closure Date, the number of Shares in issue on the applicable Books Closure Date for the Rights Issue would be approximately 6,181,488,469 and the maximum number of Rights Shares that can be issued pursuant to the Rights Issue would be 1,854,446,540.

Shares for every ten (10) Shares held as at the Books Closure Date at the issue price of S\$0.005 for each Rights Share.

- 2.2 Fractional entitlements to any Rights Share will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Directors in their absolute discretion, deem fit in the interests of the Company.
- 2.3 The issue price of S\$0.005 for each Rights Share represents a discount of approximately 75% to the last transacted price of S\$0.02 per Share on the SGX-ST on 30 June 2009, before the release of the Company's announcement of the Rights Issue.
- 2.4 The Rights Shares are payable in full upon acceptance and/or application. The Rights Shares, when allotted and issued, will rank *pari passu* in all respect with the Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered or the securities account of Shareholders must be credited with the Shares in order to participate in such dividends, rights, allotments or other distributions.
- 2.5 For practical reasons and in order to avoid any violation of securities legislation applicable in countries other than Singapore, the 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 three (3) market days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to the Foreign Shareholders to be sold "nil paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement ("**OIS**") to be issued by the Company in connection with the Rights Issue.
- 2.6 If such provisional allotments of Rights Shares cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the Exchange shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be dealt with in such manner 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 or CDP in connection therewith.

- 2.7 Entitled Shareholders are at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.
- 2.8 Based on the current issued share capital of the Company of 6,181,488,469 Shares and assuming none of the Share Options that have been vested are exercised before the Books Closure Date, 1,854,446,540 Rights Shares will be issued and the net proceeds from the Rights Issue (after deducting expenses estimated to be S\$0.3 million) are expected to be approximately S\$9.0 million.
- 2.9 The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the OIS to be dispatched by the Company to Entitled Shareholders in due course.

### **3. PURPOSE OF THE RIGHTS ISSUE**

- 3.1 Based on the issue price of S\$0.005 for each Rights Share and assuming none of the Share Options that have been vested are exercised prior to the Books Closure Date and that the Rights Issue is fully subscribed, the Company expects to raise approximately S\$9.0 million in net proceeds from the Rights Issue.
- 3.2 As previously announced, the Company owes the GRX Vendors and Metech Vendors various sums under the GRX SPA and the Metech SPA respectively. Based on the GRX SPA and Metech SPA (as amended),
- (a) US\$1,815,880 (S\$2,645,011 based on the exchange rate of US\$1 : S\$1.4566) is payable by the Company to the Metech Vendors on or before 31 December 2009 (of which US\$363,176 (S\$529,002 based on the exchange rate of US\$1 : S\$1.4566) is due and payable on or before 30 June 2009);
  - (b) US\$1,375,000 (S\$2,002,825 based on the exchange rate of US\$1 : S\$1.4566) is payable by the Company to the GRX Vendors on or before 31 December 2009 (of which US\$200,000 (S\$291,320 based on the exchange rate of US\$1 : S\$1.4566) is due and payable on or before 30 June 2009).

Other additional sums, based on the performance of GRX and Metech in future financial years, may be payable under the GRX SPA and Metech SPA in subsequent financial years.

In this Paragraph 3.2,

**"GRX"** means Computer & Electronics Recycling LLC

**"GRX SPA"** means the agreement dated 15 August 2008 between GRX, the GRX Vendors and the Company in connection with the acquisition by the Company of the 100% membership interest in GRX from the GRX Vendors (as amended by a supplemental agreement between the Company, GRX and the GRX Vendors dated 29 April 2009).

**"GRX Vendors"** means collectively, Michael Wright and John Miller, and **"GRX Vendor"** means any one of them.

**"Metech"** means Metech International, Inc.

**"Metech SPA"** means the agreement dated 23 October 2007 between Metech, the Metech Vendors and the Company in connection with the acquisition by the Company of all the shares in the share capital of Metech from the Metech Vendors (as amended by a supplemental agreement between the Company, Metech and the Metech Vendors dated 29 April 2009).

**"Metech Vendors"** means, collectively, New Heritage Finance, Ltd, Sameer Advani, Advani Family Trust, LAD Logistics, LLC and Stanley Yanaga, and **"Metech Vendor"** means any one of them.

3.3 The Directors intend to use the net proceeds of S\$9.0 million from the Rights Issue towards the following:-

- (a) approximately S\$2.6 million to make payments to the Metech Vendors pursuant to Paragraph 3.2(a) above (to the extent such sums remain unpaid after the completion of the Rights Issue);
- (b) approximately S\$2 million to make payments to the GRX Vendors pursuant to Paragraph 3.2(b) above (to the extent such sums remain unpaid after the completion of the Rights Issue);
- (c) approximately S\$500,000 for the repayment of the ECL Loan (see Paragraph 4 below);
- (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 19 April 2009 (as amended by an amendment agreement dated 8 August 2008) 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\$2.2 million as working capital.

- 3.4 Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as Directors may deem appropriate.

#### 4. LOAN FROM EQUATION CORP LIMITED

- 4.1 As the aggregate sum of S\$820,322 is due and payable by the Company to certain GRX Vendors and Metech Vendors pursuant to Paragraph 3.2(a) and (b) above, the Company has on 29 June 2009 obtained a temporary bridging loan (the "**ECL Loan**") from its substantial shareholder, Equation Corp Limited, for the sum of S\$500,000 in order to meet such payments to the GRX Vendors and the Metech Vendors.
- 4.2 Interest of 7% per annum is payable by the Company on the outstanding amount under the ECL Loan and the ECL Loan is repayable on the earlier of (i) 7 business days from the completion of the Rights Issue; or (ii) 31 December 2009.
- 4.3 The ECL Loan is an interested persons' transaction for the purpose of the Listing Manual of the SGX-ST. However, as the ECL Loan and the interest that is payable by the Company to ECL is less than 3% of the Group's latest audited net tangible assets, no announcement of this transaction is required. However, the Company is disclosing this transaction as a matter of good corporate governance.

#### 5. IRREVOCABLE UNDERTAKINGS

- 5.1 As at the date of this announcement, Oei Hong Leong Foundation ("**OHLF**"), one of the substantial shareholders of the Company, holds 877,448,344 Shares, representing a shareholding interest of approximately 14.19% in the current issued share capital of the Company. Accordingly, OHLF will be entitled to subscribe for an aggregate of 263,234,503 Rights Shares (the "**OHLF Rights Shares**").
- 5.2 OHLF has given an irrevocable undertaking to the Company to subscribe and pay for the OHLF Rights Shares in accordance with the terms of the Rights Issue.
- 5.3 OHLF 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;
- 5.4 In view of the additional underwriting fees that will be incurred if the Rights Issue is underwritten, the Rights Issue will not be underwritten.

- 5.5 Save for OHLF, none of the other substantial shareholders has given the Company any undertaking to subscribe for their entitlements under the Rights Issue. Shareholders should note that as there is no assurance that the Rights Issue will be fully subscribed, there may be a possibility that the Company would be unable to meet its payment obligations set out in Paragraphs 3.2, 3.3(d) and 4 above. As such, Shareholders are advised to carefully evaluate their individual investment positions and if they are uncertain as to the same, to consult their own financial adviser.
- 5.6 In the event that the Company is unable to meet its payment obligations as set out in Paragraphs 3.2, 3.3(d) and 4 above with the proceeds raised from the Rights Issue, the Company will have to conduct further fund-raising exercises in the course of the year in order to satisfy such payment obligations.

## **6. SETTLEMENT AGREEMENT**

- 6.1 In an effort to resolve the amounts owing by the Company to various parties and to improve the cash flow of the Company, the Company intends to engage some or all the Metech Vendors and/or some or all the GRX Vendors in negotiations on the terms of payment of the sums owing by the Company set out in Paragraphs 3.2(a) and (b) above.
- 6.2 The Company will provide updates on the outcome of such negotiations in due course and pending such announcements, the Company will be requesting for a trading halt of the shares in the Company on the SGX-ST.
- 6.3 Shareholders should note that there is no assurance that the Company, the Metech Vendors and/or the GRX Vendors will arrive at any resolution or settlement in relation to the Company's liabilities set out in Paragraphs 3.2(a) and (b) above. Whether or not any such resolution or settlement is arrived at, the Company intends to proceed with the Rights Issue.

## **7. APPROVALS**

- 7.1 The Company will also make an application to SGX-ST to approve the listing and quotation of up to 1,858,585,040 Rights Shares on the SGX-ST.
- 7.2 The Rights Issue is subject to the lodgement of the OIS with the Monetary Authority of Singapore (the "**Authority**"). The OIS will be lodged with the Authority and despatched to Entitled Shareholders in due course.



## **8. RESPONSIBILITY STATEMENT**

- 8.1 The Directors of the Company (including those who may have 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

Richard Basil Jacob  
CEO and Director  
30 June 2009

REQUEST FOR TRADING HALT

\* 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	30-Jun-2009 18:42:10
Announcement No.	00154

>> ANNOUNCEMENT DETAILS

The details of the announcement start here .

Date of Trading Halt *	01-07-2009
Time of Trading Halt *	0900 hours
Reasons for Trading Halt *	The Company is in negotiations with the Vendors of Computer & Electronics Recycling LLC ("GRX") and the Vendors of Metech International, Inc. ("Metech") on the terms of payment of various sums owing by the Company to the GRX Vendors and Metech Vendors. A Trading Halt is requested pending the outcome of such negotiations and an announcement.