



EQUATION CORP LIMITED
(Company Registration Number 197501110N)

**ADDITIONAL INFORMATION TO ANNOUNCEMENT BY CENTILLION ON
TERMINATION OF BUSINESS OF CENTEONYX PTE L TD, A JOINT VENTURE
ESTABLISHMENT OF CENTILLION ENVIRONMENT & RECYCLING LIMITED**

The Board of Directors of Equation Corp Limited (the "Company") wishes to announce that Centillion Environment & Recycling Limited ("Centillion"), its associate Company, has broadcasted an announcement on 20/3/09 regarding some additional information pertaining to the termination of business of Centronyx Pte Ltd following SGX – ST queries received by Centillion on 19/3/09.

A copy of Centillion's Announcement is attached to this announcement.

By Order of the Board

Heng Lee Seng
Director
23 March 2009

This Announcement has been reviewed by the Company's sponsor, KW Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Exchange. The Sponsor has not independently verified the contents of this announcement

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor is: -

Name : Hoon Tai Meng (Registered Professional, Capital Pte. Ltd.) :
Address: 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624
Tel : 6238 3377



CENTILLION ENVIRONMENT & RECYCLING LIMITED
(the "Company")

(Incorporated in the Republic of Singapore)
Company Registration No. 199206445M

**ADDITIONAL INFORMATION TO ANNOUNCEMENT -
TERMINATION OF BUSINESS OF CENTEONYX PTE LTD**

The Company refers to its announcement on 11 March 2009 regarding the termination of business of Centeonyx Pte Ltd ("Centeonyx") and wishes to provide additional information to the following SGX-ST queries received by the Company on 19 March 2009.

Question (1)

In relation to the announcement on 11 March 2009 on the termination of the business of Centeonyx, please disclose the following:

- (a) *A description of the trade carried on by Centeonyx, including its business and the geographical area of its operations.*

Response:

The principal activities of Centeonyx are primarily the provision of a one-stop recycling and processing service centre for the electronics industry and trading of plastics and non-precious metal materials. The geographical coverage of its operations is mainly in Singapore.

- (b) *The net asset value of Centeonyx.*

Response:

Please refer to exhibit under 1(g) below.

- (c) *The total losses attributable to Centeonyx since its establishment, and the major expenses contributing to such losses.*

Response:

As at 31 December 2008, Centeonyx's total accumulated losses amounted to S\$11.7 million. These losses were mainly because the volume of electronic wastes collected and processed were insufficient to derive adequate revenue to cover its overheads, such as factory rental, personnel cost and utilities expenses.

- (d) *The total amount that has been injected or loaned by the Company into Centeonyx from the date of its establishment. Please also disclose separately the nature of such injection, including but not limited to capital, debt, receivables owing to the Company or other forms of funding.*

Response:

The Company and Veolia injected S\$6.5 million cash each in Centeonyx. As of 31 December 2008, Centeonyx had outstanding amounts owing to the Group totaling S\$2.5 million for unpaid factory rentals and supplies of materials.

- (e) *The party that will be appointed to liquidate Centeonyx.*
- (f) *The estimated costs of the voluntary liquidation exercise.*

Response:

The Company and Veolia have agreed to realise Centeonyx's assets and to repay all debts other than those of the Company's and Veolia prior to commencing members' voluntary liquidation so as to facilitate the orderly winding down of Centeonyx's activities and minimise liquidation cost. It is currently intended that realisation of assets will be undertaken by the management of Centeonyx and a liquidator will be appointed in due course. The identity of the liquidator has not been decided and an announcement will be made when he is appointed. Barring unforeseen complications, the cost of liquidation is not expected to be material.

- (g) *The estimated amount that the Company expects to recover from the voluntary liquidation exercise.*

Response:

Exhibit : Estimated Realisable Values of Centeonyx Net Assets (S\$'000)

Estimated realisable values of net assets of Centeonyx as at 31.12.2008 before amounts owing to the Company and Veolia	2,256
Less: Estimated expenses in excess of revenue from January to April 2009	<u>(745)</u>
Expected realisable value before commencing members' voluntary liquidation	<u>1,511</u>

	The Company		Veolia
Net Payables by Centeonyx	2,856	2,515	341
Expected amount to be waived	<u>(1,345)</u>	<u>(1,158)</u>	<u>(187)</u>
Expected recoverable (the "Expected Recoverable")	<u>1,511</u>	<u>1,357</u>	<u>154</u>

Question (2)

Paragraph 4.3 of the announcement states that Centeonyx will sell some of its assets to Veolia for an aggregate consideration of S\$156,594.00. Please disclose what these assets are and the basis for the valuation of these assets.

Response:

These assets are mainly trucks, conveyors, furnaces and other small equipment. The consideration approximates the net book value of these assets.



Question (3)

Paragraph 4.4 of the announcement states that Centeonyx shall use the proceeds of the Asset Consideration to partially discharge the "Veolia Debt". "Veolia Debt" shall refer to the sum of S\$341,347.34 owing by Centeonyx to Veolia and/or its affiliates. Veolia shall procure that the Veolia Debt not discharged by the Asset Consideration be waived by Veolia and/or its affiliates.

Paragraph 6.1 of the announcement states that in the consolidated financial statements for the quarter ended 31 December 2008, the Company had recognised an impairment of its share of the fixed assets of Centeonyx of approximately S\$1.5 million and provision for doubtful receivable from Centeonyx of S\$1.2 million.

Paragraph 6.2 of the announcement states that further to these impairments, in the quarter ending 31 March 2009, the Company is expected to recognise an additional provision of approximately S\$1 million for the lease commitments arising from the lease contract in respect of the lease of the industrial property being vacated by Centeonyx.

Please disclose the rationale for Centeonyx repaying the Veolia Debt but not the debts owed to the Company. Please also disclose how much of the debts owing to the Company has been repaid.

Response:

As set out in the exhibit 1(g) above, having taken into account the estimated realisable values of Centeonyx's net assets prior to members' voluntary liquidation, the Company and Veolia expect to waive certain portion of their debts owing by Centeonyx. The Company and Veolia will each expect to recover a portion of the debt owing from Centeonyx (in the case of Veolia, this is the part of the Veolia Debt that is not waived by Veolia). The proportion of the Expected Recoverable (defined above) payable to each of Veolia and the Company is approximately the same proportion that the amount owing by Centeonyx to each of them (before the waiver) bears to the total amount owing to both of them (before the waiver).

The amounts owing to the Company have not been repaid by Centeonyx. However, the Company expects Centeonyx to repay a portion of the Expected Recoverable payable to the Company at the same time that Centeonyx repays Veolia its share of the Expected Recoverable. Further payments of the Expected Recoverable to the Company are expected to be made as Centeonyx realises its assets prior to liquidation.

Question (4)

We note that the Company has made provision for doubtful receivable from Centeonyx of S\$1.2 million.

Please disclose whether the Company will be pursuing claims for these amounts as a creditor prior to or in the process of the voluntary liquidation.

Response:

Under the Termination Agreement, Veolia has agreed to sell its entire equity interest in Centeonyx to the Company for an aggregate consideration of S\$1. As a result, the Company shall be the sole beneficiary of any distribution arising from the liquidation of Centeonyx. Accordingly, to the extent that Centeonyx is able to realise its assets at higher value than as estimated above, the Company may be able to recover part of the amounts currently being provided as doubtful receivable.



Question (5)

We note that the Company expects to recognise an additional provision of approximately S\$1 million for the lease commitments arising from the lease contract in respect of the lease of the industrial property being vacated by Centeonyx.

Please disclose the period to which the lease relates and the basis for the rental. Please also disclose when this lease was recognised in the Group's profit and loss.

Response:

Based on a tenancy agreement (the "**Sub-Tenancy**") between the Company and Centeonyx in April 2007, Centeonyx is a tenant of the Company in respect of the industrial property for a period of 5 years from April 2007. The property is currently held by the Company under a lease agreement (the "**Lease**") with the landlord of the Company and the rental payable by Centeonyx to the Company under the Sub-Tenancy is used by the Company to pay a significant part of the Company's payments to its landlord under the Lease.

With the termination of the business of Centeonyx, it is the intention of the Company to solicit alternative tenant in place of Centeonyx. However, in the light of the current economic environment, the Company expects the property to be left vacant for an extended period before such new tenant can be secured. Accordingly, the Company will recognise a provision of approximately S\$1 million, comprising rental, property tax and certain maintenance of the property (being payments under the Lease) for the estimated period when the property is vacant.

For and on behalf of the Board

Richard Basil Jacob
CEO and Director
20 March 2009