



(Incorporated in the Republic of Singapore)
(Company Registration No. 197501110N)

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JOINT VENTURE AGREEMENT BETWEEN EQUATION RECYCLING PTE LTD AND SING SIAM STEEL SERVICE CO., LTD.

1. INTRODUCTION

The Board of Directors ("**Directors**") of Equation Corp Limited ("**Company**") wishes to announce that Equation Recycling Pte Ltd ("**ERC**"), a 60% owned subsidiary of the Company, has entered into a joint venture agreement with Sing Siam Steel Service Co., Ltd., a company incorporated under the laws of Thailand ("**Sing Siam**") dated 23 September 2009 ("**JVA**") for setting up a joint venture company under the laws of Thailand.

2. DETAILS OF THE JOINT VENTURE AGREEMENT

- 2.1 The rationale for entering into the JVA is to enable the Company, through ERC, to expand into the business of recycling of industrial leftover products produced by the manufacturing industry within Thailand.
- 2.2 Sing Siam's primary business is sorting, recycling and trading of metal scraps. Sing Siam is desirous to embark on a new business in the recycling of leftover products produced by the manufacturing industry. The current registered capital of Sing Siam is THB32,000,000 comprising 320,000 shares held by Mrs. Suchitra Kiatsuteerayos (90.6%), Mr. Philip Ho (9.3%) and 5 more individual shareholders with 1 share each.

2.3 Subject to the terms and conditions of the JVA, ERC and Sing Siam (each a “**Party**” and collectively, the “**Parties**”) shall establish and incorporate a joint venture company under the laws of Thailand. The name of this joint venture company shall be Siam Pattana Equation Co., Ltd. (“**SPE**”). SPE shall be engaged in the business of screening, transforming, producing, selling and trading of industrial objects leftover from manufacturing process such as copper sand, laminated board, stainless steel, and related products as well as any recyclable products.

2.4 SPE shall have a registered capital of THB5,000,000 divided into 500,000 ordinary shares with a par value of THB10 each. Pursuant to the terms of the JVA, the shareholding structure of SPE shall be as follows:

- (i) ERC shall hold 245,000 shares comprising 49% of the total number of issued shares;
- (ii) Sing Siam shall hold 95,000 shares comprising 19% of the total number of issued shares;
- (iii) Mrs. Suchittra Kiatsuteerayos shall hold 150,000 shares comprising 30% of the total number of issued shares;
- (iv) Miss Penpan Ho shall hold 5,000 shares comprising 1% of the total number of issued shares; and
- (v) Miss Sornsawan Ho shall hold 5,000 shares comprising 1% of the total number of issued shares.

The Parties will undertake that the shareholding structure of SPE shall remain the same at all times thereafter unless further agreed otherwise by the Parties.

Mrs. Suchittra Kiatsuteerayos, Miss Penpan Ho and Miss Sornsawan Ho are nominees of Siam Sing.

2.5 The total investment of THB5,000,000 shall be paid by the Parties in five phases as follows:

- (i) the first payment of THB1,250,000 shall be paid in September 2009;
- (ii) the second payment of THB1,250,000 shall be paid in October 2009;

- (iii) the third payment, that is THB1,000,000 shall be paid in November 2009;
- (iv) the fourth payment of THB1,000,000 shall be paid in December 2009; and
- (v) the fifth part of THB500,000 shall be paid in January 2010.

Pursuant to the terms of the JVA, ERC shall pay 49% in each phase of payment (comprising THB 2,450,000 in total) and Sing Siam shall pay 51% in each phase of payment (comprising THB 2,550,000 in total).

- 2.6 The investment in SPE by ERC will be funded through internal resources (by way of internal loan from the Company) and is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of the Group for the financial year ending 30 June 2010.
- 2.7 The board of SPE shall consist of 5 directors, of which, 2 shall be appointed by ERC and 3 by Sing Siam. The chairman of the board shall be appointed by ERC.
- 2.8 Pursuant to the terms of the JVA, ERC shall be primarily responsible for the operation control, production and inventory management, operation as well as sales and marketing of SPE and Sing Siam shall be primarily responsible for managing all regulatory requirements, licensing with local authorities, networking, management of the brand name as well as legal and administrative matters. In addition, both Parties shall jointly manage the other functions including the administration, financial and treasury control, marketing and sales of SPE.
- 2.9 Sing Siam shall provide a piece of land to SPE for the conduct of the recycling business at a prevailing market rate to be agreed between Parties. The rental fee to be paid by SPE shall be THB 300,000 per month and shall be in accordance with the terms of the lease agreement annexed to the JVA.
- 2.10 ERC shall relocate its Copper Recycling Machines (“**CRM**”) from Singapore to SPE free of charge in accordance with the terms of the JVA.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the controlling shareholders, Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company (including those who may have been delegated detailed supervision for 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.

5. DISCLOSABLE TRANSACTIONS

This announcement is made pursuant to Rule 704(14)(a) of the Listing Manual – Section B: Rules of Catalist.

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The Directors of the Company (including those who may have been delegated detailed supervision for 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.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JVA is available for inspection during normal business hours at the registered office of the Company, 8 Cross Street #11-00 PWC Building Singapore 048424, for a period of three months from the date of this Announcement.

For and on behalf of the Board

Chng Weng Wah
Executive Director

23 September 2009