



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

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 of the Sponsor is:

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DISPOSAL OF LEASEHOLD BUILDING

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 on 22 September 2009 entered into an Option ("**Option**") with a third party to sell its leasehold building located at 11 Tuas Avenue 10, Singapore 639135 ("**Building**") for a cash consideration of \$4.8 million on a willing buyer willing seller basis (the "**Disposal**"). The last day of exercising the Option is 5 October 2009.

1. DETAILS OF THE DISPOSAL

- 1.1 The Building was originally acquired with a mortgage loan from a bank, to accommodate ERC's local production and operation. However, the global economic downturn since 2008 has badly deteriorated the commodities prices and ERC has since been loss-making and faced difficulties in sourcing for recyclable materials and feeds locally. Accordingly, ERC intends to scale down its production and operation and dispose off its Building and repay part of the outstanding loans in order to reduce gearing and monthly cashflow commitment.
- 1.2 The net book value of the Building as at 30 June 2009 was approximately \$2.0 million and the Disposal will enable ERC to recognize a one-off disposal gain of \$2.8 million with a cash consideration of \$4.8 million.

- 1.3 The completion of the Disposal is subject to the terms and conditions in the Option, primarily such as:-
- (a) the lessor of the Building, JTC Corporation (“**JTC**”) giving consent in writing for the sale of the Building and assignment to the new purchaser, pursuant to the Option, of the unexpired term of the lease; and
 - (b) JTC giving approval to the purchaser for the change of use of the Building.
- 1.4 Part of the sales proceeds from the Disposal amounting to approximately \$2.9 million would be used to repay the mortgage loan for the Building and financial lease. The balance would be used for the working capital of ERC.

2. **DISCLOSABLE TRANSACTIONS**

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the SGX Catalist Listing Manual are as follows:

(a) Net asset value of the assets to be disposed of, compared with the Group’s net asset value.	3.2%
(b) The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profit	(9.3%)
(c) Aggregate value of the consideration given or received, compared with the Group’s market capitalization on 30 June 2009.	2.3%
(d) The number of equity issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

The Disposal constitutes a discloseable transaction (the “Discloseable Transaction”) pursuant to Rule 1010 read together with Rule 1006 of the SGX Catalist Listing Manual and requires the Company to immediately announce the same.

3. FINANCIAL EFFECTS

The following describes the financial effects of the Disposal on the Group's net tangible assets and earnings:

Earning

Assuming that the Disposal had been effected at the beginning of the Group's financial year ended 30 June 2009 and based on the Group's audited consolidated financial statement for the year ended 30 June 2009, the financial impact on the consolidated earning of the Group would be as follow:-

	Before Disposal	After Disposal
Loss after tax and minority interests (S\$'000)	(17,574)	(15,932)
Number of shares ('000)	1,806,716	1,806,716
Loss per share (cents)	(0.97)	(0.88)

Net Tangible Assets ("NTA")

Assuming that the Disposal had been effected at the end of the Group's financial year ended 30 June 2009 and based on the Group's audited consolidated financial statements for the year ended 30 June 2009, the financial impact on the consolidated NTA of the Group would be as follow:-

	Before Disposal	After Disposal
NTA excluding MI (S\$'000)	38,286	39,928
Number of shares ('000)	1,806,716	1,806,716
NTA per share (cents)	2.12	2.21

4. 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.

5. 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.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Option 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