



EQUATION CORP LIMITED
(Co. Reg. 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 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: -

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JOINT VENTURE AGREEMENT – EQUATION ENERGY PTE. LTD. (“EEPL”)

Reference is made to the announcement by Equation Corp Limited (the "**Company**"), dated 6 April 2009 (Announcement No:00104), whereby it was announced that the Company had incorporated and subscribed for 100% equity in EEPL, the principal activities of which are to provide energy audit and management, energy performance contracting and marketing of environmental-friendly systems.

The Board of Directors of the Company wishes to announce that the Company has today entered into a joint venture agreement with two non-related parties, Foong Keng Yuen ("**FKY**") and Tay Cher Seng ("**TCS**") (collectively the "**JV Parties**") and EEPL. The JV parties shall be responsible for spearheading EEPL's business, with FKY assuming the role of Managing Director.

ADDITIONAL INVESTMENT IN EEPL

Pursuant to the joint venture agreement, the Company will subscribe for an additional 675,000 shares in EEPL, for \$725,000 (bringing its aggregate shareholding in EEPL to 700,000 shares, for a total subscription price of \$750,000), whereas FKY will subscribe for 200,000 shares in EEPL, for \$150,000, and TCS will subscribe for 100,000 shares, for S\$100,000.

The subscription price paid by FKY is at a 25% discount to the subscription price paid by TCS. The Company has agreed to bear the difference, as part of its total subscription price, in consideration of FKY agreeing to the Company's request to enter into the joint venture agreement and to lend his expertise in the energy sector to the management and operations of EEPL.

Following the above allotment of new shares, EEPL's issued shares shall increase from 25,000 to 1,000,000 and the Company's effective stake in EEPL shall be diluted from the existing 100% to 70%.

The additional investment by the Company in EEPL shall be funded by the proceeds from the Rights Issue which the Company completed in February 2008.

CALL OPTIONS

Pursuant to the joint venture agreement, the Company has also agreed to grant call options to FKY and to certain key executives of EEPL (to be determined by the board of directors of EEPL) to acquire an aggregate of up to 10% of the Company's shareholding in EEPL, at an option fee equivalent to the price at which the relevant shares were initially acquired by the Company, in the event EEPL subsequently receives in-principle approval for a listing on the Singapore Securities Exchange Limited or some other internationally recognized stock exchange.

RATIONALE FOR THE TRANSACTION

The investment in EEPL is in line with the Company's strategy of creating new growth drivers and grow the Company's earnings base.

FINANCIAL EFFECTS OF THE TRANSACTION

The investment is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company for the financial year ending 30 June 2009.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER OF THE COMPANY

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction save for their interest (if any) in the share capital of the Company.

By Order of the Board

Chng Weng Wah
Director
4 May 2009

The above does not constitute a discloseable transaction under the provisions of Rule 1010 of the Singapore Exchange Securities Trading Limited's Listing Manual, Section B Rules of Catalyst.