



**(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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PROPOSED SUBSCRIPTION OF UP TO 89,463,221 NEW ORDINARY SHARES IN THE CAPITAL OF EQUATION CORP LIMITED (the "COMPANY") AT THE PRICE OF S\$0.0503 PER SHARE (the "SUBSCRIPTION")

1. INTRODUCTION

The Board of Directors ("**Directors**") of Equation Corp Limited ("**Company**") wishes to announce that the Company has, on 2 June 2009 entered into a subscription agreement ("**Subscription Agreement**") with Golden Delta Holdings Ltd, Poh Boon Kher Melvin, Tan Aik Kim and Yi Kai Development Pte Ltd (collectively, the "**Subscribers**") for the issue and allotment by the Company to the Subscribers of an aggregate number of 89,463,221 new ordinary shares in the capital of the Company ("**Subscription Shares**") on the terms and subject to the conditions of the Subscription Agreement ("**Subscription**"). The subscription price for each of the Subscription Shares will be at S\$0.0503 per Subscription Share ("**Subscription Price**").

2. PROPOSED SUBSCRIPTION

2.1 Principal Terms of the Subscription

Under the terms of the Subscription Agreements and subject to the condition precedents contained therein, the Subscribers agreed to subscribe for and the Company agreed to allot and issue to the Subscribers the Subscription Shares at the Subscription Price in the following proportion:

Subscriber	No. of Subscription Shares	Consideration (S\$)	% of the enlarged share capital of the Company after the completion of the Subscription
Golden Delta Holdings Ltd	28,821,074	1.5 million	1.7%
Poh Boon Kher Melvin	49,701,789	2.5 million	2.8%
Tan Aik Kim	4,970,179	0.25 million	0.3%
Yi Kai Development Pte Ltd	4,970,179	0.25 million	0.3%

The Subscription Price amounts to a discount of approximately 10% to the volume weighted average price of S\$0.0559 of the ordinary shares of the Company (the “**Shares**”) traded on the Catalist Board of the SGX-ST (“**SGX Catalist**”) for the full market day on 2 June 2009, being the full market day immediately preceding the execution of the Subscription Agreement.

The Subscription Shares will be allotted and issued to the Subscribers by the Company under the general mandate granted to the Directors to issue shares pursuant to the Shareholders’ resolution passed at the Annual General Meeting of the Company held on 31 October 2008.

The Subscription Shares, when issued, represent approximately 5.2% of the issued share capital of the Company as at the date of this announcement and will represent approximately 5.0% of the enlarged issued share capital of the Company after the allotment and issue of the Subscription Shares. Upon allotment and issue, the Subscription Shares shall rank *pari passu* in all respects with the existing Shares

The Subscription Agreement is conditional upon, *inter alia*, the approval by the SGX-ST, as applicable, of a submission to be made by KW Capital Pte. Ltd, as the continuing sponsor of the Company (“**Continuing Sponsor**”), on behalf of the Company, for the listing and quotation of the Subscription Shares on the SGX Catalist.

2.2 Information on the Subscribers

Golden Delta Holdings Ltd (“**Golden Delta**”) is a company incorporated in the British Virgin Islands. Golden Delta has an authorised share capital of USD50,000, comprising 50,000 shares of par value US1.00 each. The sole shareholder of Golden Delta Holdings Ltd is Amorn Songsombat, a businessman in Thailand, specialises in project management for construction and infrastructure projects and has operations across Thailand. Apart from the Subscription, Golden Delta has had no previous business dealings with the Company.

Poh Boon Kher Melvin (“**Mr. Poh**”) is a Singapore citizen engaged in the business of property development in Singapore. Apart from the Subscription, Mr. Poh has had no previous business dealings with the Company.

Mr Tan Aik Kim (“**Mr. Tan**”) is a Singapore citizen engaged in the business of property development in Singapore. Apart from the Subscription, Mr. Tan has had no previous business dealings with the Company.

Yi Kai Development Pte Ltd (“**Yi Kai**”) is a private limited company incorporated in Singapore. Yi Kai has an issued share capital of S\$2,292,856, and is owned by the following:

Name of Shareholder	No. of Shares	Percentage
Springwell Development Pte Ltd	1,146,428	50.0%
Tan Koo Chuan	504,428	22.0%
Tan Ke Ching	481,500	21.0%
Sim Thiam Oh	80,250	3.5%
Sim King Kang	80,250	3.5%
TOTAL	2,292,856	100%

Yi Kai is engaged in the real estate development business, including the provision of appraisal, valuation and rental services. Apart from the Subscription, Yi Kai has had no previous business dealings with the Company.

Mr. Poh, Mr. Tan and Yi Kai are involved in various property development businesses with each other.

The Subscribers were independently introduced to the Company through mutual business contacts of the Directors and the Subscribers.

The Subscribers have subscribed to the Subscription Shares purely for financial investment purposes.

2.3 Use of Proceeds

The net proceeds from the Subscription, after deducting expenses in connection with the Subscription is estimated to be approximately S\$4.5 million.

The Company intends to use the net proceeds from the Subscription for its working capital purposes and to fund business growth and investment opportunities as and when they arise.

Pending the deployment of the net proceeds, such proceeds may be placed as deposits with financial institutions in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may, in their absolute discretion, deem fit.

2.4 Working Capital

The Directors are of the opinion that after taking into consideration the present financial position of the Company and its subsidiaries (the "Group"), including its banking facilities, its bank and cash balances, and the net proceeds of the Subscription, the Group will have adequate working capital for its present requirements.

While the Directors are satisfied that, taking the abovementioned factors into consideration, the Group will have adequate working capital for its present requirements, the purpose of the Subscription, as disclosed above is to fund business growth and investment opportunities as and when these arise.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors (other than in his capacity as director or shareholder of the Company) or substantial shareholder of the Company has any interest, direct or indirect, in the Subscription.

4. COMPLIANCE WITH RULE 812(1) OF THE LISTING MANUAL

The Subscription Shares will not be issued to any of the persons set forth in Rule 812(1) of the Listing Manual of the SGX Catalist.

The Company will be submitting an application to the Continuing Sponsor and the SGX-ST for the listing and quotation of the Subscription Shares.

Further announcements will be made on this matter as and when appropriate.

BY ORDER OF THE BOARD

Chng Weng Wah
Executive Director
2 June 2009