



(Company Registration No. 197501110N)  
(Incorporated in Singapore)

*This announcement has been reviewed by the Company's Sponsor, KW Capital Pte Ltd ("**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.*

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## **PROPOSED SUBSCRIPTION OF 24,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF EQUATION CORP LIMITED (the "**COMPANY**") AT THE PRICE OF S\$0.05 PER SHARE (the "**SUBSCRIPTION**")**

### **1. INTRODUCTION**

The Board of Directors ("**Directors**") of Equation Corp Limited ("**Company**") wishes to announce that the Company has, on 5 January 2010 entered into a subscription agreement ("**Subscription Agreement**") with Lee Chee Keet, an existing shareholder of the Company holding an equity interest of approximately 0.27% (the "**Subscriber**") for the issue and allotment by the Company to the Subscriber of an aggregate number of 24,000,000 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\$0.05 per Subscription Share ("**Subscription Price**").

### **2. PROPOSED SUBSCRIPTION**

#### **2.1 Principal Terms of the Subscription**

Under the terms of the Subscription Agreement and subject to the condition precedents contained therein, the Subscriber agreed to subscribe for and the Company agreed to allot and issue to the Subscriber the Subscription Shares at the Subscription Price.

The Subscription Price amounts to a discount of approximately 16.5% to the volume weighted average price of S\$0.0599 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 4 January 2010, being the full market day immediately preceding the execution of the Subscription Agreement.

The Subscription Shares will be allotted and issued to the Subscriber 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 30 October 2009.

The Subscription Shares, when issued, represent approximately 1.33% of the issued share capital of the Company as at the date of this announcement and will represent approximately 1.31% 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 in-principal from the Sponsor and/or the SGX-ST (as the case may be) for the listing and quotation of the Subscription Shares on the SGX Catalist.

## **2.2 Information on the Subscriber**

Mr. Lee Chee Keet is a Singapore citizen engaged in the business of electronic components. Apart from the Subscription, Mr. Lee has had no previous business dealings with the Company.

Mr. Lee is an existing shareholder of the Company with an equity interest of approximately 0.27%, Mr. Lee was independently introduced to the Company through mutual business contacts of the Directors and the Subscription is purely for his personal financial investment purposes. Subsequent to completion of the Subscription, Mr. Lee's equity interest will increase from existing 0.27% to 1.60%.

There is no specific reason for the Subscription apart from purely financial investment purposes and the Subscriber being willing investor in the Company.

## **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\$1.2 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.

## **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 Catalyst.

The Company will be submitting an application to the 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  
5 January 2010