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

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited ("**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 contact person for the Sponsor is Mr. Ong Hwee Li (Registered Professional, SAC Capital Private Limited).*
*Address: 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. Telephone number: +65 6221 5590*

**RENOUNCEABLE, PARTIALLY UNDERWRITTEN, RIGHTS ISSUE OF UP TO 1,168,888,259 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S$0.007 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED ("RIGHTS ISSUE")**

- **ADJUSTMENTS TO CONVERTIBLE LOAN AND OPTIONS**

*Unless otherwise defined, all terms and references used herein shall bear the same meanings as defined in the Company's announcements of (i) 4 April 2012, 26 July 2012 and 26 March 2013 in respect of the Convertible Loan and (ii) 17 February 2014, 19 March 2014, 24 March 2014, 28 March 2014, 21 April 2014 and 23 April 2014 in respect of the Rights Issue.*

## 1. CONVERTIBLE LOAN

The Board of Directors (the "**Board**") of Equation Corp Limited (the "**Company**") wishes to announce that as a consequence of the Rights Issue and pursuant to the terms and conditions of the agreement in connection with the Convertible Loan, the Company has made the following adjustments to the Convertible Loan (the "**Loan Adjustments**"):

The Exchange Price per Exchange Share for the Convertible Loan as announced on 4 April 2012, 26 July 2012 and 26 March 2013 pursuant to the grant of an initial convertible loan of an aggregate principal amount of S$7.0 million (the "**Tranche 1**") is now adjusted from S$0.0169362 to S$0.0157444 with effect from 16 April 2014, being the Market Day next following the Closing Date of the Rights Issue. Accordingly, an aggregate of up to 31,286,670 additional new Shares of the Company (the "**Tranche 1 Rights Adjustment Shares**") would be issued and allotted to the Sculptor Investors upon conversion of the Tranche 1 Convertible Loan.

Pursuant to the terms of the Convertible Loan and subject to approvals of the SGX-ST in accordance with the conditions precedent of the Convertible Loan, the Sculptor Investors have the option to grant a further convertible loan of an aggregate principal amount of S$7.0 million to the Company (the "**Tranche 2**"). As a consequence of the Rights Issue, the Exchange Price per Exchange Share in respect of the Tranche 2 is now adjusted from S$0.0211702 to S$0.0196804 with effect from 16 April 2014, being the Market Day next following the Closing Date of the Rights Issue, and up to 25,030,362 additional new Shares of the Company (the "**Tranche 2 Rights Adjustment Shares**") would be issued and allotted to the Sculptor Investors upon conversion of the Tranche 2 Convertible Loan. As at the date of this announcement, the Sculptor Investors have not exercised the option to grant the Tranche 2 Convertible Loan.

On 19 March 2014, the Company announced the receipt of the listing and quotation notice dated 17 March 2014 for the listing of and quotation for the Tranche 1 Rights Adjustment Shares on Catalist, subject to compliance with the SGX-ST's listing requirements. The Company will also be making an application to the SGX-ST for the approval of the listing of and quotation for the new ordinary shares in the Company arising from the conversion of the Tranche 2 Convertible Loan based on the adjusted Exchange Price for the Tranche 2 of S$0.0196804 (on the assumption that the Sculptor Investors exercise their rights to grant the Tranche 2 Convertible Loan).

The Sculptor Investors have been notified in writing by the Company of the Loan Adjustments on 21 April 2014.

**2. OPTIONS**

Further, the Board of the Company wishes to announce that as a consequence of the Rights Issue and in accordance with the rules of the Equation Share Option Scheme 1999 ("**ESOS**"), the Company has made the following adjustments to the exercise price of the Options (the "**Options Adjustments**"):

Adjustment to Exercise Price

There are 600,000 outstanding share options as at 24 April 2014. Further to the Options Adjustments, the exercise price of each Option has been consequently adjusted downwards from S$0.039 to S$0.033, with effect from 24 April 2014.

Engagement of Auditor

The Company will not engage an auditor for purposes of the Options Adjustments as it is not cost effective given that (i) the number of Options is relatively small and (ii) the corresponding exercise price under the ESOS is low. Further, the participants under the ESOS have given their consent to the waiver of the requirement under the Catalist Rules of the SGX-ST ("**Listing Manual**") for an auditor to confirm in writing that the Options Adjustments are fair and reasonable.

The committee of directors administering the ESOS is of the view that the Options Adjustments will not provide any benefit to participants under the ESOS that Shareholders do not receive.

**FOR AND ON BEHALF OF THE BOARD**

Chng Weng Wah
Executive Director
25 April 2014