



Summit Limited

**(formerly known as Equation Corp Limited)**

(Company Registration No. 197501110N)

(Incorporated in the Republic of Singapore)

("Company" and together with its subsidiaries, the "Group")

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## **NEWS RELEASE**

# **DISA DIGITAL SAFETY PTE LTD BREAKTHROUGH CHINESE MARKET WITH QUICKCHECK SOLUTION**

## **- Anti-Counterfeit Solution to Combat Fakes in Multi-Billion Dollar Tobacco Industry**

**SINGAPORE, 23 March 2015** - Homegrown Singapore company, DiSa Digital Safety Pte Ltd ("DiSa"), a wholly-owned subsidiary of SGX Catalist Company, Equation Summit Limited, today announced that it has inked a deal with China Tobacco Anhui Industrial Corporation ("Anhui"), a cigarette manufacturer based in Hefei, People's Republic of China ("PRC"), through its China subsidiary, 深圳迅检文化传播有限公司.<sup>1</sup> The contract is for the provision of DiSa's patented anti-counterfeiting solution, *QuickCheck*, which uses revolutionary digital authentication technology to detect counterfeit cigarettes, a widespread problem in the PRC. The *QuickCheck* solution is meant for any type of industries other than the tobacco industry.

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<sup>1</sup> Disa, through its subsidiary in Samoa, *QuickCheck Technology Limited* owns 57.5% of shares in 深圳迅检文化传播有限公司.

*QuickCheck* is based on the generation of a unique QR barcode using pseudo-random algorithm for each genuine product produced. It enables the detection of fake goods through a downloadable application compatible with a wide range of current mobile platforms such as smartphones and tablets. Counterfeit goods using copies of the unique serialised QR barcode produced by the *QuickCheck* solution will be flagged out each time the same barcode is scanned at multiple locations, which is an indication to the *QuickCheck* data server that counterfeit goods are being distributed. At the same time, consumers who have downloaded a QR code scanning application on their smartphones will be able to instantly authenticate the goods they are about to purchase by scanning the QR codes on these goods. They will be alerted immediately through the *QuickCheck* system as to the authenticity of the goods. Currently, the QR code scanning application is available to users of WeChat, the mobile text and voice messaging communication service which is estimated to have the largest number of active users globally with a subscriber base of approximately 500 million.

Said Mr Eddie Chng Weng Wah, Chief Executive Officer of Equation Summit Ltd, “Our contract with Anhui, one of the largest tobacco manufacturers in the PRC, is a beachhead into this enormous multi-billion dollar industry, estimated to be worth US\$438 billion by 2018, as it combats the parasitic counterfeit market. Fake tobacco and other luxury items such as liquor are flooding the Chinese market costing manufacturers millions in profits. With *QuickCheck*, which is designed for the protection of intellectual property rights, we have devised a seamless, scalable, end-to-end system, portable across a wide array of sectors and products, to tackle counterfeiters and cripple their ability to operate. *QuickCheck* is a unique and immensely powerful anti-counterfeit solution which puts the counterfeit detection capability directly into the hands of consumers. Who better to curtail the spread of counterfeits than those who are most directly affected by it, namely, consumers?”

Additionally, the *QuickCheck* code in conjunction with the smartphones’ GPS function allows information on the locality of the counterfeit item to be captured by the *QuickCheck* data server once the code on a product is scanned. The data server is then able to relay this information to the genuine product manufacturer pin-pointing the locality of the retail outlet carrying the fake item. This will aid manufacturers in their pursuit of legal remedies against the offending retailers and counterfeiters.

The counterfeit market, according to the International Chamber of Commerce, will exceed US\$1.7 trillion by 2015.<sup>2</sup> It is also shifting from relatively harmless items such as apparel, footwear and handbags to items where safety is of paramount importance, such as consumables, pharmaceuticals and pesticides. It was recently reported that the Alibaba Group Holding Ltd, the world’s largest e-commerce company, spent over 1 billion yuan or

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<sup>2</sup> “Counterfeit Goods Becoming More Dangerous”. Available:  
<http://money.cnn.com/2012/09/27/news/economy/counterfeit-goods/>

US\$160.7 million combating fake goods.<sup>3</sup> Given these statistics, there are enormous upsides to the anti-counterfeit market.

Added Mr Chng, “Our contract with Anhui is a significant validation of our technology after many years of rigorous research and development. As Chinese companies seek investments and partnerships with foreign investors, they are coming under more pressure to tackle issues particularly associated with their market, chief among them being counterfeiting. We thus see enormous potential for anti-counterfeit technologies such as *QuickCheck* in the PRC. We are confident that the effectiveness and capability of our product will win us new markets and customers beyond the PRC from amongst vendors and principals who are concerned with the blatant disregard for their intellectual property rights and are committed to combating the proliferation of counterfeits through effective technology.”

While Anhui and the tobacco industry are the first in the PRC to deploy *QuickCheck*, there are concrete steps being taken by DiSa and its subsidiaries to penetrate other industries highly susceptible to counterfeit trade such as the tea, liquor and food flavouring. These billion-dollar industries, indicative of a growing middle class with significant disposable income, offer a huge greenfield for the technology. The tea production industry is estimated to be worth US\$18.2 billion in 2014 and has been increasing at an annualized rate of 15.6% fuelled by increased consumer health consciousness and the exponential growth of the herbal tea market.<sup>4</sup> China is the world’s largest alcohol market making up 38% of the global consumption of spirits, according to the International Wine & Spirit Research Industry.<sup>5</sup> In particular, baijiu or white wine, is the preferred drink due to its extremely high alcohol content. In terms of food flavouring, it is estimated that the annual growth rate of sales in the flavours and fragrance industry in China between 2005 and 2011 was greater than 10%.<sup>6</sup>

The initial contract with Anhui to generate *QuickCheck* QR codes for an initial 5 million cigarette packs and for the deployment of the *QuickCheck* solution is slated to commence in late February onwards and will be for a period of one year. With its high speed and high volume print capabilities, the *QuickCheck* Solution it is set to handle this high volume of QR barcodes and will form the blueprint for the firm’s foray into the larger tobacco market in China.

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<sup>3</sup> “Alibaba has Spent \$161 million Last Year Fighting Counterfeit Goods”. Available: <http://www.businessinsider.com/r-alibaba-spent-161-million-fighting-fakes-since-2013-2014-12?IR=T&#ixzz3QWJxoGiN>.

<sup>4</sup> “Tea Production in China: Market Research Report. Available: <http://www.ibisworld.com/industry/china/tea-production.html>.

<sup>5</sup> “For Liquor Makers, Cheers Dries Up in China.” Available: <http://www.wsj.com/articles/SB10001424052702303947904579335882886931114>.

<sup>6</sup> <http://www.ifeat.org/wp-content/uploads/2012/12/Zhang-China-FF.pdf>.

#### About DiSa Digital Safety Pte Ltd

Digital Safety (DiSa) Pte Ltd is a leader in digital technology solutions. With patented solutions that transform the mechanical protection of the past into cutting-edge digital protection solutions against counterfeiting, theft and pilferage, DiSa has capabilities to stem erosion of brand equity brought about by counterfeits, fight organised retail crime and combat supply chain and retail loss. DiSa connects global brands to local consumers, instantly, digitally and safely.

#### About Equation Summit Limited

Equation Summit Limited (formerly known as Equation Corp Limited) is an investment holding company listed on the SGX Catalist. It is also involved in integrated electronic waste recycling services including recovery/refinery of ferrous, non-ferrous and precious metals as well as recycling of cathode ray tubes ("CRT") and other end of life products; energy auditing management and professional engineering consultancy services; sales and distribution of audio, video and other consumer electronics products; the provision of patented end-to-end anti-theft and anti-counterfeiting solutions under DiSa and the supply and trading of construction materials.

Equation Summit Limited and DiSa Digital Safety Pte Ltd can be found online at [www.eqsummit.sg](http://www.eqsummit.sg).

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