

## **HLN TECHNOLOGIES LIMITED**

(Incorporated in Singapore on 26 February 2004)

(Company Registration Number 200402180C)

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### **PROPOSED DISPOSAL OF SHEUNG HO (SINGAPORE) PTE. LTD. (“PROPOSED DISPOSAL”)**

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The Board of Directors of HLN Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement on 29 December 2009 (“**SPA**”) with Century Bright Investments Limited (company registration number 1553909), a company incorporated in British Virgin Islands and having its registered address at Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“**Purchaser**”) to dispose of the entire paid-up capital of its wholly-owned subsidiary Sheung Ho (Singapore) Pte. Ltd. (“**Sale Shares**”) for an aggregate consideration of S\$450,000 (the “**Consideration**”). Upon the completion of the Proposed Disposal, Sheung Ho (Singapore) Pte. Ltd. (“**Sheung Ho (Singapore)**”) and its wholly-owned subsidiary Sheung Ho (Hong Kong) Company Limited (“**Sheung Ho (Hong Kong)**”) will cease to be subsidiaries of the Company.

#### **1. PRINCIPAL BUSINESS OF SHEUNG HO (SINGAPORE) AND SHEUNG HO (HONG KONG)**

Sheung Ho (Singapore) was incorporated in Singapore as an investment holding company on 14 August 2009 and has an issued and paid-up share capital of S\$1,000,000.

Sheung Ho (Hong Kong) was incorporated in Hong Kong as an investment holding company on 25 August 2009 and has an issued and paid-up share capital of HK\$2,500,000.

#### **2. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL**

As announced on 18 August 2009, the Company has initially planned to diversify its business to include the provision of fund management, stock broking and general consultancy services. As a preparatory step to facilitate the organisation of the new business in future, Sheung Ho (Singapore) and Sheung Ho (Hong Kong) were incorporated with the intention to carry out the proposed new business.

As announced on 22 December 2009, the management, having reviewed its overall plans on a strategic basis, has decided to abort the proposed diversification plans. As the proposed diversification plans has been aborted, the Company is of the view that the Proposed Disposal is timely and appropriate from both the financial and business perspectives, as it no longer wish to pursue the proposed diversification plans.

#### **3. THE CONSIDERATION AND VALUE OF ASSETS**

The Consideration was arrived at on a willing-buyer and willing-seller basis having regard to the unaudited consolidated net tangible asset value of Sheung Ho (Singapore) was S\$752,000 as at 30 November 2009. The Consideration will be paid in one lump sum on completion of the SPA. There was no independent valuation conducted for the Sale Shares.

#### **4. MATERIAL TERMS OF THE PROPOSED DISPOSAL**

##### **(a) Conditions Precedent**

- (i) the approval of the shareholders of the Company has been obtained for the entry into the SPA (if required);
- (ii) consents from landlords of any existing lease entered by Sheung Ho (Singapore) or Sheung Ho (Hong Kong), banks and/or third parties (where required) have been obtained for the entry into of the SPA;
- (iii) the representations and warranties of the Company and the Purchaser as set out in the SPA being true and accurate in all material respects;
- (iv) there being no breach of any of the Company's or Purchaser's obligations or undertakings under the SPA;
- (v) there being no governmental or court act, decree or order is made which may materially hinder the completion of the SPA or the performance by the Company or Purchaser of their obligations under the SPA;
- (vi) there being no material adverse change in the prospects, operations or financial conditions and results of operations of the Group occurring on or before the completion of the SPA and no event having occurred which would affect or would be likely to affect generally all companies carrying on similar business in a material and adverse way; and
- (vii) the assignment of the lease agreement referred to in the SPA.

**(b) Other Key Commercial Terms**

- (i) The sale and purchase of the Sale Shares will be completed on or before 31 December 2009 after the fulfilment of the conditions precedent or such other later date as the Company and Purchaser may agree in writing.
- (ii) The effective date of the SPA shall be 1 December 2009 notwithstanding that completion of the Proposed Disposal may take place at a later date.

**5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

**(a) Net Tangible Assets ("NTA")**

Assuming that the Proposed Disposal had been completed on 31 December 2008 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2008, the financial effects of the Proposed Disposal on the unaudited consolidated NTA of the Group for the financial year ended 31 December 2008 would be as follows:

<b>As at 31 December 2008</b>	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
NTA (S\$000)	23,922	23,600
NTA per share (cents)	19.00	18.75

**(b) Earnings Per Share**

Assuming that the Proposed Disposal had been completed on 1 January 2008 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2008, the financial impact on the unaudited consolidated earnings of the Group would be as follows:

For the year ended 31 December 2008	Before Disposal	Proposed	After Disposal	Proposed
Profit after tax and minority interests (\$000)		495		173
Earnings per share (cents)		0.43		0.15

## 6. RELATIVE FIGURES OF THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the unaudited consolidated financial statements of the Group for the half year ended 30 June 2009, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

### (a) Rule 1006(a)

The unaudited consolidated net asset value of Sheung Ho (Singapore) as at 30 November 2009 being approximately S\$752,000 represents approximately 3.5% of the Group's net asset value as at 30 June 2009 of approximately S\$21,244,000.

### (b) Rule 1006(b)

The comparison is not meaningful as Sheung Ho (Singapore) was recently incorporated on 14 August 2009 and has not generated any revenue.

### (c) Rule 1006(c)

The Consideration of S\$450,000 represents approximately 1.16% of the Company's market capitalisation of approximately S\$38,890,000 as at 30 November 2009 (the market day preceding the effective date of the SPA).

### (d) Rule 1006(d)

This test is not applicable as no equity securities will be issued by the Company as consideration for the Proposed Disposal.

## 7. NET PROFIT ATTRIBUTABLE TO THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The comparison is not meaningful as Sheung Ho (Singapore) was incorporated on 14 August 2009 and has not generated any revenue. The loss on the Proposed Disposal is approximately S\$322,000.

The Company expects to receive net proceeds of approximately S\$430,000 from the Proposed Disposal. The net proceeds from the Proposed Disposal will be used for the general working capital of the Group.

## 8. DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

**9. SERVICE AGREEMENTS**

No person will be appointed to the Board in connection with the Proposed Disposal and no service contracts in relation thereto will be entered into by the Company.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA is available for inspection at the Company's registered office at 16 Kallang Place, #01-18, Kallang Basin Singapore 339156 during normal business hours for a period of three months from the date of this Announcement.

By Order of the Board

Cheong Weixiong  
Director  
29 December 2009