HLN TECHNOLOGIES LIMITED
(Incorporated in Singapore on 26 February 2004)
(Company Registration Number 200402180C)

THE PROPOSED ACQUISITION OF A 50.54% SHAREHOLDING INTEREST IN GREATLY HOLDINGS INVESTMENT LIMITED

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1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of HLN Technologies Limited (the "**Company**" or "**HLN**" and together with its subsidiaries, the "**Group**") refers to the announcement dated 20 December 2010 in relation to the term sheet (the "**Term Sheet**") entered into between the Company, Tan Jian You (the "**Vendor**") and General Nice Resources (Hong Kong) Limited (俊安资源（香港）有限公司) ("**JunAn HK**") in respect of the proposed acquisition by the Company of up to a 58.33% shareholding interest in Greatly Holdings Investment Limited (the "**BVI Co**") from the Vendor.

1.2 The Board is pleased to announce that the Company has on 19 January 2011 (the "**Signing Date**") entered into:

(a) a conditional sale and purchase agreement (the "**SPA**") with the Vendor, pursuant to which the Vendor has agreed to sell to the Company, and the Company has agreed to purchase from the Vendor a 50.54% shareholding interest (the "**Sale Shares**") in the BVI Co for a consideration of RMB64,030,000 (approximately S$12,736,000) (the "**Consideration**") (the "**Proposed Acquisition**"); and

(b) a deed of guarantee (the "**Deed of Guarantee**") with JunAn HK in relation to the Proposed Acquisition.

2. INFORMATION ON THE VENDOR, THE BVI CO AND THE PRC CO

2.1 The BVI Co is a company incorporated in the British Virgin Islands. As at the Signing Date, the Vendor is the beneficial owner of 100% of the shareholding interest in the BVI Co.

2.2 The BVI Co holds a 30% interest in Tianjin Swan Lake Real Estate Development Co., Ltd (天津天鹅湖房地产开发有限公司) (the "**PRC Co**"), which is incorporated in the People's Republic of China ("**PRC**"). Upon completion of the Proposed Acquisition, the Company will have an effective interest of 15.16% in the PRC Co.

2.3 The PRC Co is the developer of a real estate project in the PRC situated at Quan Wang Road East, Wuqing District, Tianjin, PRC (the "**Project**"). The Project comprises a plot of land with a total land area of 14,645.20 square meters and a building named Jing Jin Business Centre (京津商务中心) (the "**Business Centre**") with a total floor area of 74,488.26 square meters.

3. THE CONSIDERATION

3.1 The Consideration of RMB64,030,000 (approximately S$12,736,000) was arrived at on a willing seller-willing buyer basis after taking into account the following factors:

(a) based on the independent valuation conducted by DTZ Land and Real Estate Valuation (Shenzhen) Co., Ltd. ("**DTZ**"), the net market realisation value of the Business Centre, assuming sale with vacant possession as at 29 December 2010, was RMB645,000,000 (approximately S$129,000,000); and

(b) the Company will pay a price based on an agreed value of the Business Centre that is less than the independent valuation by DTZ.

3.2 The Consideration shall be satisfied:

(a) by the payment of RMB30,000,000 (approximately S$5,930,000) (the "**Deposit**") in Hong Kong Dollars equivalent to the Vendor on 22 December 2010;

(b) by the payment of RMB28,500,000 (approximately S$5,700,000) (the "**Second Payment**") in cash to the Vendor within 10 business days from the signing of the SPA and the Deed of Guarantee; and

(c) subject to paragraph 4.3 below, the balance of RMB5,530,000 (approximately S$1,106,000) (the "**Balance Payment**") by the transfer of 2,212,000 ordinary shares in the capital of the Company ("**HLN Shares**") which are currently held by the Company as treasury shares with an agreed value equivalent to RMB5,530,000, at the price of S$0.50 per HLN Share (the "**Consideration Shares**") to an escrow agent (the "**Escrow Agent**") on completion of the sale and purchase of the Sale Shares ("**Completion**").

3.3 Payment of the Second Payment shall be effected by way of telegraphic transfer of the amount payable in Hong Kong Dollars equivalent (based on the agreed RMB/HKD exchange rate quoted by the People's Bank of China on the business day prior to the payment date) to an account designated by the Vendor or in such other form as the Vendor and the Company may agree.

3.4 The Vendor agrees and undertakes that there will be a moratorium over all the Consideration Shares for a period of six (6) months commencing from the date of Completion (or such other date as the Purchaser and the Vendor may agree in writing), and in connection therewith, the Consideration Shares will be held in escrow in accordance with the terms of an escrow agreement to be entered into between the Company, the Vendor and the Escrow Agent.

3.5 The Deposit has been fully funded from the proceeds of the Company's recent placement of 24,600,000 HLN Shares as announced in the Company's announcement dated 22 December 2010. The Second Payment will be fully funded from the Company's internal resources.

4. CONDITIONS PRECEDENT

4.1 Completion of the sale and purchase of the Sale Shares is conditional upon the following conditions having been fulfilled (or waived):

(a) the results of a due diligence exercise by the Company over the business, affairs, operations, assets, financial condition, prospects and records of the BVI Co and the

PRC Co (the "**Group Companies**" and each, a "**Group Company**") being satisfactory to the Company acting reasonably and in good faith;

(b) the Vendor supplying, or procuring each of the Group Companies or its or their respective representatives to supply to the Company, all of the information (in such detail as may be satisfactory to the Company) reasonably requested in advance and in writing by the Company in connection with the due diligence before Completion;

(c) the receipt by the Company of such waivers or consents as may be necessary to enable the Company and/or its nominee(s) to be registered as holder of any and all of the Sale Shares;

(d) all other consents and approvals required under any and all applicable laws for the sale of the Sale Shares and to give effect to the transactions contemplated under the SPA (including, without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendor or a Group Company is a party or by which the Vendor or a Group Company or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion;

(e) the receipt by the Company of the approval of its shareholders in general meeting and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the transfer of the Consideration Shares to the Vendor, if necessary; and

(f) no event having occurred which has or could reasonably be expected to have a material adverse effect on the business, operations, assets, financial condition or prospects of the Group Companies.

4.2 Pursuant to the terms and conditions of the SPA, completion of the Proposed Acquisition will take place three (3) business days after the date on which the conditions set out in the SPA have been fulfilled or waived or such other date as the Company and the Vendor may mutually agree in writing.

4.3 If condition (e) of paragraph 4.1 is applicable, the Company may elect to waive condition (e) and proceed with Completion and will seek the requisite approvals under condition (e) after Completion. If shareholders approval for the share mandate to transfer the Consideration Shares to the Vendor is obtained, the Consideration Shares will be transferred to the Escrow Agent 10 business days after the date when the Company obtains the said approval. If shareholders approval is not obtained by 30 June 2011, the Balance Payment shall be S$1,106,000 (equivalent to RMB5,530,000) and this amount shall be paid by the Company in cash to the Vendor on 30 June 2011 (or such other date as the Company and the Vendor may agree in writing) in the manner described in paragraph 3.3.

5. PROFIT GUARANTEE

5.1 Pursuant to the terms and conditions of the SPA, the Vendor covenants with and undertakes to the Company that:

(a) if the audited net operating profit after tax of the PRC Co (the "**NPAT**") for financial year 2011 (the "**2011 NPAT**") is less than 30% of the total audited operating revenues of the PRC Co (the "**Revenues**") for financial year 2011 (the "**2011 Revenues**"), the Vendor shall pay to the Company an amount equivalent to 15.16% of the actual amount by which the 2011 NPAT has fallen below 30% of the 2011 Revenues in SGD equivalent applying the Exchange Rate (as defined below);

(b) if the NPAT for financial year 2012 (the "**2012 NPAT**") is less than 30% of the Revenues for financial year 2012 (the "**2012 Revenues**"), the Vendor shall pay to the Company an amount equivalent to 15.16% of the actual amount by which the 2012 NPAT has fallen below 30% of the 2012 Revenues in SGD equivalent applying the Exchange Rate; and

(c) if (i) the 2011 NPAT is less than 23% of the 2011 Revenues or (ii) the 2012 NPAT is less than 23% of the 2012 Revenues, the Company may elect to exercise the Put Option (as defined below).

5.2 For the purpose of paragraph 5.1, "**Exchange Rate**" shall mean the RMB/SGD or SGD/RMB middle exchange rate, as the case may be, quoted by the People's Bank of China, on the business day prior to the date on which payment is to be made.

5.3 The Board is of the opinion that the profit guarantee is beneficial to the Company as it provides certainty to the performance of the investment and in the event that the profit guarantee is not met, the shortfall shall be paid by the Vendor to the Purchaser in cash as described above.

5.4 The principal assumptions, including commercial bases and assumptions upon which the quantum of the profit guarantee is based upon, are as follows:

(a) the South Tower of the Business Centre has been constructed and it is currently undergoing final fit-out which is scheduled for completion in March 2011;

(b) the North Tower of the Business Centre is scheduled to commence construction with a completion date by December 2011; and

(c) the existing presence of a major PRC bank as an anchor tenant of the Business Centre will help to attract other high-value tenants.

6. THE PUT OPTION

6.1 The Vendor has granted to the Company a put option (the "**Put Option**") to require the Vendor to purchase from the Company free from all encumbrances and with all rights and benefits attaching thereto, all (and not some only) of the shares held by the Company for the time being in the capital of the BVI Co (the "**Option Shares**") on the terms and subject to the conditions contained in the SPA.

6.2 The Put Option may be exercised by the Company by serving a notice (the "**Put Option Notice**") on the Vendor within a period of 60 days from the date on which any event referred to in paragraph 5.1(c) occurs, failing which it will lapse. Upon receiving a Put Option Notice from the Company, the Vendor shall purchase from the Company and the Company shall sell all of the Option Shares.

6.3 The aggregate purchase price of the Option Shares shall be equal to the aggregate of all payments towards the Consideration already made by the Company to the Vendor, including the aggregate value of Consideration Shares transferred (valued at S$1,106,000) (the "**Option Price**"). If the Put Option is exercised due to a shortfall in financial year 2012, the Option Price shall, in addition, also include an amount equal to the amount of dividends that the Company would have been entitled to by virtue of its shareholding interest in the BVI Co for the financial year 2011.

6.4 Completion of the sale and purchase of the Option Shares shall take place at the registered office of the BVI Co or such other place as the Company and the Vendor may agree on the date falling seven (7) business days after the date of the exercise or such other date as the Company and the Vendor may agree.

7. GUARANTEE

In connection with the Proposed Acquisition, the Company and JunAn HK have entered into the Deed of Guarantee, pursuant to which JunAn HK guarantees in favour of the Company the due and punctual performance by the Vendor of his obligations under the SPA, the Term Sheet and the shareholders' agreement to be entered into by the Company, the Vendor and the BVI Co.

8. RATIONALE FOR THE PROPOSED ACQUISITION

8.1 The Board is of the view that the Proposed Acquisition will provide a means of diversification from the Company's existing manufacturing business and offer an alternative source of earnings for the Company. In addition, the Proposed Acquisition will provide the Company the opportunity to participate in the growing PRC economy through its involvement in the Project.

8.2 The Proposed Acquisition is in line with the Company's strategy to explore business opportunities that can enhance long-term shareholder value, and will also allow the Company to leverage on its partnership with long-term strategic investors who can add depth and breadth to the Company's existing business portfolio. The Company will make the appropriate announcements to keep shareholders informed as and when there are further updates on the Proposed Acquisition.

9. RELATIVE FIGURES IN RULE 1006 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED ACQUISITION

The relative figures for the Proposed Acquisition computed on the relevant bases set out in Rule 1006 of the listing manual of the SGX-ST, are as follows:

	Listing Rule	Bases	Relative Figures (%)
(a)	1006(a) :	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable to an acquisition of assets
(b)	1006(b) :	Net profits attributable to the assets acquired, compared with the net profits of the Group	-4.5% (1)
(c)	1006(c) :	Aggregate value of the consideration to be given by the Company in respect of the Proposed Acquisition, compared with the market capitalisation of the Company (based on the volume weighted average price of the HLN Shares transacted on 19 January 2011, being the last market day preceding the Signing Date) (2)	19.66%
(d)	1006(d) :	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue (3)	1.49%

Notes:
(1) Computed based on the Group's latest announced unaudited consolidated accounts for the six-month period ended 30 June 2010 and the PRC Co's unaudited management accounts for the six-month period ended 30 June 2010. The relative figure is a negative number and therefore it is not meaningful. The PRC Co was incorporated on 24 October 2008 and has only obtained the Provisional Sales License on 30 October 2010 for its recently completed South Tower of the Business Centre.
(2) The Company's market capitalisation based on the weighted average price of the HLN Shares on 19 January 2011 was S$64,776,653.
(3) Computed based on the 2,212,000 Consideration Shares and the Company's total number of issued shares of 148,060,920.

10. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

For illustrative purposes only, the pro forma financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per HLN Share, the earnings per HLN Share ("**EPS**") and the gearing of the Group based on the latest audited consolidated financial statements of the Group for the 12 months ended 31 December 2009 ("**FY2009**") are as follows:

(a) Effect on NTA per HLN Share

Assuming that the Proposed Acquisition had been completed on 31 December 2009, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements for FY2009, the effect on the NTA per HLN Share of the Group for FY2009 would be as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA attributable to shareholders as at 31 December 2009 (S$ '000) (1)	23,861	30,611
Number of HLN Shares ('000) (2)	123,461	125,673
NTA per HLN Share (Singapore cents)	19.33	24.36

Notes:
(1) Based on recognition of the share of the associate's profit of S$6,750,000 on 31 December 2009 being the excess of the Group's 15.16% share of the net fair value of the PRC Co's identifiable assets and liabilities, determined provisionally, over the fair value of the Consideration.
(2) Assuming the 2,212,000 Consideration Shares were issued to the Vendor on 31 December 2009.

(b) Effect on EPS

Assuming that the Proposed Acquisition had been completed on 1 January 2009, being the beginning of the most recently completed financial year, and based on the Group's audited consolidated financial statements for FY2009, the effect on the EPS of the Group for FY2009 would be as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Profit attributable to shareholders for FY2009 (S$ '000) (1)	355	7,105
Weighted average number of HLN Shares ('000) (2)	123,809	126,021
EPS (Singapore cents)	0.29	5.64

Notes:

(1) Based on recognition of the share of the associate's profit of S$6,750,000 in FY2009 being the excess of the Group's 15.16% share of the net fair value of the PRC Co's identifiable assets and liabilities, determined provisionally, over the fair value of the Consideration.

(2) Assuming the 2,212,000 Consideration Shares were issued to the Vendor on 1 January 2009.

(c) Effect on Gearing

Assuming that the Proposed Acquisition had been completed on 31 December 2009, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements for FY2009, the effect on the gearing of the Group for FY2009 would be as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Total borrowings (S$ '000) (1)	627	627
Total equity (S$ '000) (2)	24,347	31,097
Gearing (times) (3)	0.03	0.02

Notes:

(1) Refers to the borrowings from banks and financial institutions as at 31 December 2009.

(2) Refers to the aggregate of the issued and paid-up share capital, reserves and minority interest as at 31 December 2009.

(3) Based on the ratio of total borrowings to total equity.

11. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has, and to the best of the Directors' knowledge, there are no controlling shareholders of the Company who have, any interest, direct or indirect, in the Proposed Acquisition.

12. SERVICE CONTRACTS OF DIRECTORS

There are no directors who are proposed to be appointed to the Company in connection with the Proposed Acquisition.

13. DOCUMENTS FOR INSPECTION

Copies of the SPA and the Deed of Guarantee are available for inspection during normal business hours at the registered office of the Company at Block 16, Kallang Place, #01-16/18 Kallang Basin Industrial Estate, Singapore 339156 for a period of three (3) months from the date of this Announcement.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this

Announcement are fair and accurate in all material respects as at the date of this Announcement and that there are no material facts the omission of which would make any statement in this Announcement misleading.

Where any information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Vendor, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

By Order of the Board

Cheong Weixiong
Group Chief Executive Officer
20 January 2011