HLN TECHNOLOGIES LIMITED

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

ANNOUNCEMENT IN RELATION TO THE PROPOSED DISPOSAL OF 99% OF ALL ISSUED ORDINARY SHARES IN THE SHARE CAPITAL OF HLN METAL CENTRE PTE. LTD.

The Board of Directors (the "**Board**") of HLN Technologies Ltd (the "**Company**") refers to the announcement dated 24 May 2011 (the "**24 May 2011 Announcement**") in relation to the proposed disposal of 99% of all issued ordinary shares in the share capital of HLN Metal Centre Pte. Ltd. ("**HLN Metal**") (the "**Proposed Disposal**"). The Company has received queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 26 May 2011 regarding the Proposed Disposal. The Company's responses to the queries of SGX-ST are set out below.

Q1. Who introduced the deal to the Company and is any commission paid/payable to the introducer?

Response: The Company's Group Chief Operating Officer and Executive Director, Mr. Leslie Wa Kok Liang, through his network of business contacts, brought a potential deal with Soon Lian Holdings Limited ("**SLHL**") to the attention of the Board.

No commission has been paid or is payable to Mr. Leslie Wa Kok Liang or to any other party in relation to the Proposed Disposal.

Q2. Paragraph 4.2 – Please elaborate on the factors that were considered by the Company in arriving at the consideration amount of S$2,150,000.

Response: As at 31 December 2010, the audited consolidated net asset value ("**NAV**") of the HLN Metal Group ("**HMCG**") was $2,920,027. HMCG consist of HLN Metal and its two wholly-owned subsidiaries, HLN Metal (Suzhou) Co., Ltd. and HLN Metal (Shenzhen) Co., Ltd.

In the original term sheet that was tabled to the Board, both the Company and SLHL agreed to use 20% discount to the NAV of HMCG as at 31 December 2010 as a basis of valuation. SLHL initially offered to pay the consideration amount partly in cash and partly in SLHL shares.

After deliberation, the Board decided that a deal involving shares would give rise to uncertainties regarding the actual amount and time it would take for the Company to realise the sale proceeds due to movements in the stock market and SLHL's share price. Hence, the Board proposed an all-cash deal and agreed to a further discount of 5.6% on the condition that the full consideration amount was made in cash.

The final price of $2,150,000 was agreed on a willing-buyer and willing-seller basis after arm's length negotiations.

Q3. Paragraph 4.4 – Please clarify the basis of the amounts $3,090,000 and 73%.

Response: The sale and purchase agreement in relation to the Proposed Disposal is conditional on the consolidated net asset value of HMCG as at the completion date ("**Completion NAV**") being not less than $2,750,000 (the "**Condition Precedent**").

As at 31 December 2010, the NAV of HMCG was $2,920,027 (approximately $2,920,000). In the event that the NAV of HMCG falls, SLHL has the benefit of the Condition Precedent that the Completion NAV will be at least $2,750,000. In the event that the NAV of HMCG rises, the Company would receive a benefit in the form of a higher consideration. The figure of $3,090,000 was arrived at by adding $170,000 (being the difference between $2,920,000 and $2,750,000) to $2,920,000.

As the consideration amount of $2,150,000 is approximately 73% of the NAV of HMCG as at 31 December 2010, the additional sum payable by SLHL (if the Completion NAV exceeds $3,090,000) should also be on the same basis.

Q4. Paragraph 5.2 – Please provide the Board's justification on why a consideration that is at a discount of 25.6% to the net tangible asset value of the Sale Shares as at 31 December 2010 is fair for the Company.

Response: As stated in the response to Q2, the initial offer by SLHL was to pay partly in cash and partly in shares. The Board agreed to an all-cash deal based on a larger discount to NAV.

Q5. Paragraph 7.5 – Please clarify what is left of the Company's metal business following the proposed disposal of HLN Metal Centre Pte. Ltd.

Response: After the completion of the Proposed Disposal, the Company and its wholly-owned subsidiary, HLN Micron Pte. Ltd., will cease to have any interest in HLN Metal and its two wholly-owned subsidiaries, HLN Metal (Suzhou) Co., Ltd. and HLN Metal (Shenzhen) Co., Ltd. HLN Micron Pte. Ltd., the investment holding company for the Company's metallic business unit, has another wholly-owned subsidiary, HLN Technologies Sdn Bhd, which is a dormant company. Following the completion of the Proposed Disposal, the Company will no longer have a metallic business unit. Please refer to the Group Structure attached to this Announcement.

Q6. Paragraph 8.3 – Please provide clarity on what "other growth areas" the Company intends to channel the sale proceeds to.

Response: The Company intends to look at a variety of possible growth areas and one possible area is property investment. Please refer to the Company's announcements dated 20 January 2011 and 13 May 2011 in relation to the Company's acquisition of an effective stake of 15.16% in a top-end property developer in Tianjin. To further enhance long term shareholder value, the Company also intends to continue exploring other business opportunities that can add depth and breadth to its existing business portfolio. The Company will make the necessary announcements to update on its business plans at the appropriate time.

Q7. Given the Company's "decision to exit the metal service business completely", please advise whether it is the intention of the Company to seek shareholders' approval for the impending change in business. If so, at what stage. If not, why?

Response: In the Company's press release dated 24 May 2011, it was stated that the Company foresees a gradual shift in its business portfolio as it continues to monitor and evaluate the prospects of the property development business and build internal capabilities in this area. This business transition is expected to take place over a period of time and will be subject to the performance of the property development business, opportunities for existing manufacturing business units, and potential returns from other feasible investments.

In the event that the strategy can be successfully executed, the Company would gradually transform itself and seek shareholders' approval for the change in due course. The timing of that will depend on market conditions and investment opportunities.

Q8. Paragraph 10.1 – Please disclose the computation for the relative figures under 1006(a), 1006(b) and 1006(c).

Response: The computation for the relative figures with respect to the Proposed Disposal based on the latest audited consolidated financial statements of the Group for FY2010:

Under 1006(a) NAV of assets disposed compared with the NAV of the Group

	31 Dec 2010
HMCG NAV	$ 2,890,827
Group NAV	$30,474,239
	9.49%

Under 1006(b) Net profits attributable to the assets disposed versus the Group's net profits

	31 Dec 2010
HMCG profit	$ 482,313
Group profit	$1,831,719
	26.33%

Under 1006(c) The aggregate value of the consideration received by the Company in respect of the Proposed Disposal compared with the market capitalisation of the Company (based on the volume weighted average price ("**VWAP**") of the Shares transacted on 23 May 2011, being the last market day preceding the date of the announcement.

Cash consideration only	$ 2,150,000
Market cap*	$39,236,144
	5.48%

**Based on VWAP as at 23 May 2011 of $0.265*

The Company also wishes to advise that a circular in relation to the Proposed Disposal, together with a notice of the extraordinary general meeting to be convened, will be dispatched to the shareholders in due course.

By Order of the Board

Cheong Weixiong
Group Chief Executive Officer
27 May 2011

Group Structure