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**PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE SHAREHOLDING INTERESTS IN GREATLY HOLDINGS INVESTMENT LIMITED**

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**1. INTRODUCTION**

The Board of Directors of HLN Technologies Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the announcements by the Company on 20 January 2011 and 13 May 2011 on the acquisition by the Company of a 50.54% shareholding interest in Greatly Holdings Investment Limited ("**Greatly Holdings**") from Mr Tan Jian You (the "**Acquisition**"). The Board wishes to announce that the Company has on 20 August 2012 agreed to dispose of its entire 50.54% shareholding interests in Greatly Holdings to Mr Tan Jian You (the "**Purchaser**"), pursuant to a conditional sale and purchase agreement (the "**Agreement**") entered into between the Company and the Purchaser (the "**Proposed Disposal**").

**2. PARTICULARS OF GREATLY HOLDINGS**

- 2.1 Greatly Holdings was incorporated in the British Virgin Islands on 18 August 2010. As at the date hereof, Greatly Holdings has an issued and paid-up share capital of US\$10,000 divided into 10,000 ordinary shares, of which 5,054 ordinary shares (the "**Sale Shares**") comprising 50.54% of the share capital of Greatly Holdings are held by the Company. The Purchaser holds the remaining 4,946 ordinary shares in the share capital of Greatly Holdings.
- 2.2 As at the date hereof, Greatly Holdings 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) ("**TJSL**"), which is incorporated in the People's Republic of China ("**PRC**"). The Company has an effective interest of 15.16% in TJSL pursuant to the Company's shareholding interests in Greatly Holdings.
- 2.3 TJSL 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) with a total floor area of 74,488.26 square meters.

**3. THE PROPOSED DISPOSAL**

- 3.1 Pursuant to the Agreement, the Company agreed to sell to the Purchaser, and the Purchaser agreed to buy from the Company, the Sale Shares.
- 3.2 The completion date of the Proposed Disposal shall be 31 March 2013 or such other date as the Company and the Purchaser may mutually agree in writing. Upon completion of the Proposed Disposal ("**Completion**"), Greatly Holdings will cease to be a subsidiary of the Company.

#### **4. CONSIDERATION**

- 4.1 The total consideration for the Proposed Disposal is the sum of RMB74,642,000 (the "**Consideration**").
- 4.2 The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis after taking into account the following factors:
- (a) the consideration value of RMB64,030,000 for the Acquisition; and
  - (b) a pro-rated profit guarantee sum of RMB10,612,000, which is payable to the Company by the Purchaser pursuant to the sale and purchase agreement dated 19 January 2011 for the Acquisition.
- 4.3 The Consideration shall be satisfied by the Purchaser in the following manner:
- (a) on 31 December 2012, an amount of RMB10,612,000 shall be paid to the Company by telegraphic transfer to an account designated by the Company, or in such other manner as may be agreed between the Company and the Purchaser in writing; and
  - (b) on Completion, the balance amount of RMB64,030,000 shall be paid to the Company by telegraphic transfer to an account designated by the Company, or in such other manner as may be agreed between the Company and the Purchaser in writing.
- 4.4 The Company may request that the Consideration or any part thereof be paid in US dollars, Hong Kong dollars or Singapore dollars. The Purchaser, acting reasonably, may agree to such request and the equivalent amount proposed to be paid other than in RMB shall be calculated by applying the mean rate between the buying and selling rates of such other currency as quoted by The People's Bank of China (中国人民银行) on the date and at the time when the relevant payment is to be made.

#### **5. VALUATION OF ASSETS TO BE DISPOSED**

- 5.1 Based on the latest audited consolidated financial statements of Greatly Holdings and the Group for the financial year ended 31 December 2011 ("**FY2011**"), the net asset value of the Sale Shares is S\$12,120,172<sup>1</sup> as at 31 December 2011.
- 5.2 For illustrative purposes, the Consideration represents a premium of approximately 16.6% to the net asset value of the Sale Shares as at 31 December 2011.

#### **6. MATERIAL CONDITIONS**

The Agreement is conditional upon the fulfilment of the following conditions:

- (a) the Company obtaining the approval of its shareholders in general meeting for the sale of the Sale Shares on the terms and conditions of the Agreement; and
- (b) 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 Agreement (including, without limitation, such waivers as may be necessary of terms

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<sup>1</sup> The net asset value of the Sale Shares of S\$12,120,172 is based on the Company's cost of investment in Greatly Holdings.

which would otherwise constitute a default under any instrument, contract, document or agreement to which the Company or Greatly Holdings is a party or by which the Company or Greatly Holdings or its or their respective assets are bound) being obtained.

## **7. RATIONALE FOR THE PROPOSED DISPOSAL**

- 7.1 In 2010, the Company announced plans to enter PRC's property development industry through the Acquisition, which would enable the Group to diversify from its existing manufacturing business and build a new source of earnings. On 13 May 2011, the Company successfully completed the Acquisition for a total consideration of S\$12,120,172. Pursuant to the Acquisition, the Company was entitled to a profit guarantee for FY2011 in the amount of S\$1.9 million and the Company has received such payment as reported in the Company's announcement on the half year financial statement for the period ended 30 June 2012.
- 7.2 As highlighted in the Company's annual results announcement for FY2011, the Board was concerned with the uncertainties over the direction of the property market in the PRC and the cooling measures introduced by the PRC Government. After deliberating on the options available, the Board has decided that it would be in the best interests of the Company and its shareholders to dispose of the Company's interests in Greatly Holdings.
- 7.3 The Purchaser has agreed to buy back his original interest in Greatly Holdings at a price that is favourable to the Company. The Consideration of RMB74,642,000 (approximately S\$14,136,452) is comprised of (a) the consideration value of RMB64,030,000 (approximately S\$12,120,172) for the Acquisition and (b) a pro-rated profit guarantee sum of RMB10,612,000 (approximately S\$2,016,280) for the financial year ended 31 December 2012. The Consideration represents a premium of approximately 16.6% to the net asset value of the Sale Shares as at 31 December 2011. The Board is of the view that this is a good and favourable outcome of the Company's investment in Greatly Holdings in the current economic climate.
- 7.4 In addition to the above, the proceeds from the Proposed Disposal can be re-deployed and provide the Company with the financial resources for re-investment in other growth areas and for working capital purposes.

## **8. GAIN ON PROPOSED DISPOSAL AND USE OF PROCEEDS**

- 8.1 Based on the latest audited consolidated financial statements of Greatly Holdings and the Group for FY2011, the net book value of the Sale Shares is approximately S\$12,120,172, based on the Company's cost of investment in Greatly Holdings. The excess of the proceeds from the Proposed Disposal over the carrying value of the Sale Shares is approximately S\$2,016,280.
- 8.2 Based on the latest audited consolidated financial statements of Greatly Holdings and the Group for FY2011, the net profit attributable to the Sale Shares is approximately S\$1,896,516. The Company will realise an estimated net gain of approximately S\$2,016,280 from the Proposed Disposal.
- 8.3 The Company intends to use the sale proceeds from the Proposed Disposal for re-investment in other growth areas and for the working capital of the Group.

## 9. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, the pro forma financial effects of the Proposed Disposal on the net tangible asset ("**NTA**") per share of the Company ("**Share**") and the earnings per Share ("**EPS**") based on the latest announced audited consolidated financial statements of the Group for FY2011 are as follows:

### (a) Effect on NTA per Share

Assuming that the Proposed Disposal had been completed on 31 December 2011, being the end of the most recently completed financial year, and based on the Group's audited consolidated financial statements for FY2011, the effect on the NTA per Share of the Group for FY2011 would be as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA attributable to shareholders as at 31 December 2011 (S\$)	32,460,688	34,476,968
Number of Shares	150,272,920	150,272,920
NTA per Share (Singapore cents)	21.60	22.94

### (b) Effect on EPS

Assuming that the Proposed Disposal had been completed on 1 January 2011, being the beginning of the most recently completed financial year, and based on the Group's audited consolidated financial statements for FY2011, the effect on the EPS of the Group for FY2011 would be as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit/(loss) attributable to shareholders for FY2011 (S\$)	1,848,350	(48,166)
Weighted average number of Shares	149,472,964	149,472,964
EPS (Singapore cents)	1.24	(0.03)

## 10. REQUIREMENTS OF THE SGX-ST LISTING MANUAL

10.1 The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**") with respect to the Proposed Disposal based on the latest announced audited consolidated financial statements of the Group for FY2011 are as follows:

<u>Listing Rule</u>	<u>Bases</u>	<u>Relative Figures</u>
(a) 1006(a) :	Net asset value of the Sale Shares disposed of compared with the net asset value of the Group.	37.34%

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|---------------|--|------------------------------|
| (b) 1006(b) : | Net profits attributable to the Sale Shares disposed of, compared with the net profits of the Group.   | 76.66%                       |
| (c) 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 weighted average price of the Shares transacted on 17 August 2012, being the last market day preceding the date of this Announcement) <sup>(1)</sup> . | 58.79%                       |
| (d) 1006(d) : | The number of equity securities issued by the Group as consideration for an acquisition, compared with the number of equity securities previously in issue.  | Not applicable to a disposal |

Note:

- (1) The Company's market capitalisation based on the weighted average price of the Shares on 17 August 2012 was S\$24,043,667.

- 10.2 As each of the relative figures under Rules 1006(a), (b) and (c) exceeds 20%, the Proposed Disposal constitutes a "Major Transaction" as defined in Chapter 10 of the Listing Manual.
- 10.3 Accordingly, a circular in relation to the Proposed Disposal, together with a notice of the extraordinary general meeting to be convened, will be despatched to the shareholders of the Company in due course.

**11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

**12. SERVICE CONTRACTS OF DIRECTORS**

There are no directors proposed to be appointed to the Company in connection with the Proposed Disposal. Accordingly, there is no service contract entered into.

**13. DOCUMENT FOR INSPECTION**

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 74A Tras Street, Singapore 079013 for a period of 3 months from the date of this Announcement.

By Order of the Board

Cheong Weixiong  
Group Chief Executive Officer  
22 August 2012