

**HLN TECHNOLOGIES LIMITED**  
(Incorporated in Singapore)  
(Company Registration Number 200402180C)

**PROPOSED DISPOSAL OF INTEREST IN HLN PROMAX PTE. LTD. (THE “PROPOSED DISPOSAL”)**

**1. Introduction**

The Board of Directors of HLN Technologies Limited (the “Company”, and together with its subsidiaries, the “Group”) wishes to announce that the Company, through its wholly-owned subsidiary, HLN Micron Pte. Ltd. (“HLN Micron”) has on 12 October 2007 entered into a share sale agreement (the “Share Sale Agreement”) with Magarich Holdings Pte. Ltd. (the “Purchaser”) to dispose to the Purchaser, 510,000 ordinary shares (the “Sale Shares”) in the share capital of HLN Promax Pte. Ltd. (“HLN Promax”) for an aggregate consideration of S\$814,000 (the “Purchase Consideration”). Upon the completion of the Proposed Disposal, HLN Promax will cease to be a subsidiary of HLN Micron.

**2. Principal Business of HLN Promax**

HLN Promax is a company incorporated in Singapore on 26 May 2006 with an issued and paid up share capital of S\$659,000. It is currently owned by HLN Micron and the Purchaser in the proportion of 51% and 49% respectively. Its principal business is the manufacture of precision machine and tool accessories.

**3. Purchase Consideration**

The Purchase consideration is S\$814,000 to be paid by the Purchaser in cash. The purchase consideration was arrived on a willing-buyer and willing-seller basis having regard to the adjusted net tangible assets of HLN Promax of S\$1,050,000 as at 30 June 2007, plus the unamortised intangible assets of S\$279,000 in the books of HLN Micron being the premium paid for the business acquisition.

The Purchase Consideration will be paid by the Purchaser to HLN Micron by cheques in the following manner:

- (i) a sum of S\$200,000 on the date of the Share Sale Agreement;
- (ii) a sum of S\$102,000 on 31 October 2007;
- (iii) a sum of S\$102,000 on 30 November 2007;
- (iv) a sum of S\$102,000 on 31 December 2007;
- (v) a sum of S\$102,000 on 31 January 2008;
- (vi) a sum of S\$102,000 on 29 February 2008; and
- (vii) a sum of S\$104,000 on 31 March 2008.

**4. Conditions Precedent**

The completion of the sale and purchase of the Sale Shares is conditional upon the following conditions precedent:

- (i) all consents, approvals and authorisations of any third parties (including existing shareholders of HLN Promax waiving their pre-emption rights (if any)), government or regulatory authorities which are necessary or desirable in connection with the transfer of the Sale Shares from HLN Micron to the Purchaser and the ownership by the Purchaser of Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to the Purchaser and/or such person(s) as the Purchaser may direct, prior to the date of completion;

- (ii) all representations, warranties and undertakings of HLN Micron and the Purchaser under the Share Sale Agreement being complied with, and being true, accurate and correct in all respects as at the date of completion, as if repeated at completion and at all times between the date hereof and completion;
- (iii) each of HLN Micron and the Purchaser having performed all of the covenants and agreements required to be performed or caused to be performed by it under the Share Sale Agreement on or before the date of completion; and
- (iv) there has been no change in the shareholding or capital structure of HLN Promax occurring on or before the date of completion.

## 5. Other Key Terms

The Share Sale Agreement set out, *inter alia*, the following key commercial terms of the Proposed Disposal:

- (i) The date of completion of the Proposed Disposal will be on 31 December 2007 in respect of 255,000 Sale Shares, and 31 March 2008 in respect of the remaining 255,000 Sale Shares after the fulfilment of the conditions precedent.
- (ii) A sum of S\$150,000, being a non-trade item owing by HLN Promax to HLN Micron shall be paid by HLN Promax to HLN Micron in three equal installments of S\$50,000 each, the first installment payment to be made on the date of the Share Sale Agreement, the second installment payment on 20 November 2007 and the balance installment payment on 20 December 2007.
- (iii) After the date of the Share Sale Agreement and prior to the completion of the second tranche of 255,000 Sale Shares, HLN Micron shall cease to have management powers in HLN Promax save that HLN Micron's appointed director, Mr Hein Ke Long, shall continue to remain as the Chairman of the Board who shall resign as director of HLN Promax on the completion of the second tranche of 255,000 Sale Shares and the existing bank mandate for the operations of all bank accounts of HLN Micron shall remain unchanged until the completion of the second tranche of 255,000 Sale Shares.
- (iv) The shareholders of the Purchaser jointly and severally guarantee the Purchaser's due performance of all its obligations under the Share Sale Agreement, as well as payment of any sums due to the Purchaser. They further jointly and severally agree to indemnify HLN Micron for all loss and damage (including legal costs and expenses on a full indemnity basis) as may be suffered by HLN Micron due to the Purchaser's non-performance of any obligations under the Share Sale Agreement. Such guarantee shall be a continuing security and shall remain in force until such time when the Purchaser fulfils all obligations under the Share Sale Agreement.

## 6. Rationale for the Proposed Disposal

The rationale for the Proposed Disposal is as follows:

- (i) To streamline the Group business – After various acquisitions since the Company's initial public offering on 25 November 2005, the management decides to streamline the Group's businesses and focus on those which can yield direct complementarities and synergies sooner.
- (ii) Management focus – The management believes it should channel its limited financial and management resources on its existing core businesses and the metal service centre business in China.
- (iii) Business re-alignment – The management intends to re-align the business development activities to focus more on overseas market, through its other subsidiaries, HLN Technologies Sdn Bhd and HLN Metal Centre Group, instead of HLN Promax which is substantially domestic based.

## 7. Use of Proceeds

HLN Micron expects to receive net proceeds of approximately S\$814,000 from the Proposed Disposal. The net proceeds from the Proposed Disposal will be used for working capital within the Group.

## 8. Net Profit Attributable to Assets Sold

The net loss attributable to HLN Promax for the half year ended 30 June 2007 was S\$128,419. After taking into account the unamortised intangible asset of S\$279,000 arising from the business acquisition, the loss on the Proposed Disposal is S\$105,998.

## 9. Financial Effects of the Proposed Disposal

The table illustrates the financial effects of the Proposed Disposal on (i) the net assets value per share of the Company and (ii) the earnings per share of the Company based on the audited financial statements of the Group for the financial year ended 31 December 2006:

	<b>Before the Proposed Disposal (cents)</b>	<b>After the Proposed Disposal (cents)</b>
Effects of the Proposed Disposal on the net assets value per share assuming that the Proposed Disposal has been completed on 31 December 2006	13.95	13.84
Effects of the Proposed Disposal on the earnings per share assuming that the Proposed Disposal has been completed on 1 January 2006	2.90	2.56

**10. Relative Figures computed based on Rule 1006 of the Listing Manual**

1006 (a)	Net Asset Value Test	Based on the unaudited financial statements of the Group for the half year ended 30 June 2007, the net asset value of the assets to be disposed of being approximately S\$640,998 represents approximately 2.9% of the Group's net asset value of approximately S\$22.1 million.
1006 (b)	Profits Test	Based on the unaudited financial statements of the Group for the half year ended 30 June 2007, the net loss attributable to the assets disposed of being approximately S\$128,419, represents approximately (5.6)% of the Group's net profits of approximately S\$2.3 million.
1006 (c)	Consideration Test	The Purchase Consideration of S\$814,000 represents approximately 1.2% of the Company's market capitalisation of approximately S\$68.0 million as at 11 October 2007 (the market day preceding the date the Share Sale Agreement is executed).
1006 (d)	Equity Securities Test	Not applicable.

**11. Information about the Purchaser**

Incorporated in Singapore on 13 April 2006, the Purchaser is an investment holding company.

**12. Interest of Directors and Controlling Shareholders**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal. None of the Directors or substantial shareholders of the Company is related to the Purchaser.

**13. Documents for Inspection**

A copy of the Share Sale Agreement is available for inspection at the Company's registered office at 16 Kallang Place #01-18 Kallang Basin Industrial Estate Singapore 339156 for three months from the date of this Announcement.

BY ORDER OF THE BOARD

Wa Kok Liang  
Chief Executive Officer  
12 October 2007