

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

PROPOSED ACQUISITION OF AN EXISTING SUBSIDIARY (THE “PROPOSED ACQUISITION”)

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 10 November 2007 executed a share sale agreement (the “Share Sale Agreement”) to acquire 30% and 10% interest from Victor Liew Ching-Whye and Tiong Sin Lip (the “Vendors”) respectively, in the share capital of HLN Technologies Sdn Bhd (“TSB”). Upon the completion of the Proposed Acquisition, TSB will become a wholly-owned subsidiary of HLN Micron.

2. Principal Business of TSB

TSB is a company incorporated in Malaysia on 6 September 2005. Its principal business is customised material machining and turning of metal products and components.

3. Consideration

The aggregate purchase consideration for the Proposed Acquisition is RM225,778.48 and will be paid to the Vendors in Singapore dollars using the applicable exchange rate for converting Malaysian Ringgit to Singapore dollars as published on the Yahoo Singapore Finance website as at the date of the Share Sale Agreement. The purchase consideration was arrived on a willing-buyer and willing-seller basis based on the unaudited net tangible asset of TSB of approximately RM564,446.21 as at 31 October 2007.

4. Conditions Precedent

The completion of the Proposed Acquisition is conditional upon the following conditions precedent:

- (i) all consents, approvals and authorisations of any third parties (including existing shareholders of TSB 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 the Vendors to HLN Micron and the ownership by HLN Micron of sale shares having been obtained, and if subject to conditions, on such conditions acceptable to HLN Micron and/or such person(s) as HLN Micron may direct, prior to the date of completion;
- (ii) all representations, warranties and undertakings of the Vendors and HLN Micron 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 of the Share Sale Agreement and completion;

- (iii) each of the Vendors and HLN Micron 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;
- (iv) there has been no change in the shareholding or capital structure of TSB occurring on or before the date of completion; and
- (v) there being no material adverse change (as mutually determined by the Vendors and HLN Micron) in the prospects, operations, assets, business, profits or financial condition of TSB 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 Acquisition:

- (i) HLN Micron agrees to procure TSB to repay the outstanding loans and advances granted by the Vendors to TSB on completion, such sums being RM\$121,025.00 owing to Victor Liew Ching-Whye and RM\$20,384.83 owing to Tiong Sin Lip, by way of post-dated cheques for the said loans which shall be payable 30 days after the date of the Share Sale Agreement;
- (ii) HLN Micron further agrees to procure the release and discharge of personal guarantee granted by Tiong Sin Lip to secure the loan owing by TSB to HSBC Bank Malaysia Bhd; and
- (iii) The completion of the Proposed Acquisition shall be within three (3) days after the fulfilment of the conditions precedent.

6. Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition is as follows:

- (i) The need for business restructuring in view of the continuing losses of TSB since incorporation till to date;
- (ii) Strain on minority shareholder due to continuing shareholder loan support;
- (iii) The Company intends to restructure and inject profitable business into TSB after acquiring 100% share ownership which could be expedited by full and effective ownership;
- (iv) The Company has searched for potential buyers of its 60% shares but to no avail; and
- (v) The Company is effectively 100% guarantor for TSB loans and hence, it is logical for it to take over TSB and do what is necessary.

7. Financing

The entire purchase consideration for the Proposed Acquisition will be settled in cash through internal resources and bank borrowings.

8. Financial Effects of the Proposed Acquisition

The table illustrates the financial effects of the Proposed Acquisition 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:

	Before the Proposed Acquisition (cents)	After the Proposed Acquisition (cents)
Effects of the Proposed Acquisition on the net assets value per share assuming that the Proposed Acquisition has been completed on 31 December 2006	13.95	13.95
Effects of the Proposed Acquisition on the earnings per share assuming that the Proposed Acquisition has been completed on 1 January 2006	2.90	2.59

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

1006 (a)	Net Asset Value Test	Not applicable as this transaction is an acquisition and not a disposal of assets.
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 TSB is approximately S\$302,018, which represents approximately (13.2)% of the Group's net profits.
1006 (c)	Consideration Test	The purchase consideration of RM225,778 represents approximately 0.2% of the Company's market capitalisation of approximately S\$58,574,967 as at 9 November 2007 (the market day preceding the date the Share Sale Agreement is executed).
1006 (d)	Equity Securities Test	Not applicable as the entire purchase consideration will be settled in cash.

10. 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 Acquisition. None of the Directors or substantial shareholders of the Company is related to the Vendors.

11. 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
14 November 2007