

## HLN TECHNOLOGIES LIMITED

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

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## THE PROPOSED ACQUISITION OF UP TO A 58.33% 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**") wishes to announce that the Company has, on 19 December 2010 (the "**Signing Date**"), entered into a term sheet (the "**Term Sheet**") in relation to the proposed acquisition (the "**Proposed Acquisition**") by the Company of up to a 58.33% shareholding interest (the "**Sale Shares**") in Greatly Holdings Investment Limited (the "**BVI Co**") from Tan Jian You (the "**Vendor**") for a consideration of RMB73,500,000 (approximately S\$14,504,000) (the "**Aggregate Consideration**").
- 1.2 The Term Sheet is subject to, among others, the results of due diligence being satisfactory to the Company (which cannot be unreasonably withheld or delayed) and the execution of the definitive agreements in form and substance reasonably satisfactory to the Company (the "**Definitive Agreements**"), and is not intended to be legally binding, except in respect of, amongst others, exclusivity and refund of the Deposit (as defined below). The Parties shall negotiate, agree and finalise the Definitive Agreements not later than 31 March 2011. If the Definitive Agreements are not entered into on or before 31 March 2011, unless the deadline is extended by mutual agreement of the Vendor and the Company, the Term Sheet shall be terminated. Further details will be announced in the event that the Definitive Agreements are entered into by the Company.

### 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 up to 17.5% in the PRC Co.
- 2.3 The PRC Co is the developer of a real estate project in the PRC situated at Wuqing District, Tianjin, the PRC (the "**Project**").

### 3. THE AGGREGATE CONSIDERATION

- 3.1 The Aggregate Consideration is proposed to be paid in cash and HLN shares to the Vendor.
- 3.2 Upon signing of the Term Sheet, the Company shall pay RMB30,000,000 (approximately S\$5,920,000) to the Vendor as a refundable deposit (the "**Deposit**"). A corporate guarantee

shall be provided in favour of the Company to secure the Vendor's obligation to refund the Deposit to the Company in the event that the Proposed Acquisition does not proceed for any reason. A guarantee on the profits of the PRC Co may also be provided. Further information on the guarantees will be disclosed once the Definitive Agreements are entered into.

#### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

4.1 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.

4.2 The Proposed Acquisition is in line with the Company's strategy to explore business opportunities which 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.

#### **5. 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.

#### **6. CAUTIONARY STATEMENT**

6.1 Shareholders should note that the Term Sheet is subject to the negotiation, execution and delivery of the Definitive Agreements.

6.2 The Board would like to caution that there is no assurance that any transaction will materialise from the Term Sheet or that the Definitive Agreements will be entered into in relation to the Proposed Acquisition. Shareholders and investors are therefore advised to exercise caution in their dealings in the Company's shares.

By Order of the Board

Cheong Weixiong  
Group Chief Executive Officer  
20 December 2010