

HLN TECHNOLOGIES LIMITED

(Incorporated in Singapore on 26 February 2004)

Company Registration Number 200402180C

RESPONSE TO QUERIES IN RELATION TO THE COMPANY'S COMPLIANCE CHECKLIST FOR FY2011 ANNUAL REPORT.

The Board of Directors (the "**Board**") of HLN Technologies Ltd (the "**Company**") refers to the queries dated 20 April 2012 in relation to the Company's Compliance Checklist for FY2011 Annual Report:

SGX Queries:

We have reviewed the disclosures and would like to bring your attention to the following: -

1. Internal Controls

We refer to the guidance on Listing Rule 1207(10) that was sent to all Authorised Reps on 16 April 2012. We note that the disclosures under Principle 13 of the Corporate Governance Report of the Annual Report does not contain any opinion which addresses Listing Rule 1207(10).

Please therefore obtain an opinion from the Board and the AC that addresses Listing Rule 1207(10).

2. Dealing in Securities

We note that the disclosures under "Securities Trading Code" of the Corporate Governance Report did not state (a) whether officers are allowed to deal in the Company's securities on short-term basis, and (b) whether the trading prohibitions are in line with Listing Rule 1207(19)(c). Please clarify if these best practices have been adhered to in accordance with Listing Rule 1207(19).

Please address the above via an announcement on SGXNET by Tuesday 24 April 2012.

The Company's response to the queries of SGX-ST are set out below.

1. Internal Controls

In addition to the disclosures under Principle 13 of the Corporate Governance Report in the 2011 Annual Report, the board in compliance with the reporting requirement under Rule 1207(10) had reviewed and considered the internal auditors' report and is of the opinion that the internal controls of the Group are adequate to address operational, financial and compliance risks.

In arriving at the opinion, the Board is of the view that the internal controls of the Group have reasonable assurance about achieving the objectives set out below having evaluated the effectiveness of the Group's internal controls as at the end of the financial year and approved the report and the conclusion to the Audit Committee.

The Group's external auditors, internal auditors and the Audit Committee reviewed:

- (a) Effectiveness and efficiency of operations - all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise, or report financial data were reported and recommendations and areas of improvements by both external and internal auditors were discussed, deliberated with management and where appropriate, adopted for implementation;

- (b) Reliability of financial reporting - any fraud, whether or not material, that involves Management or other employees who have a significant role in the Group's internal controls reported; and
- (c) Compliance with applicable laws and regulations - all material weaknesses and significant deficiencies in internal controls were reported and recommendations and areas of improvements by both external and internal auditors were discussed, deliberated with management and where appropriate, adopted for implementation;

In addition to the above, the Audit Committee engaged its external auditors to perform Agreed-Upon-Procedures ("AUP") on its half year and full year financial statements. The AUP included review of the half year and full year consolidated statements and the related SGXNET announcements to check for accuracy and compliance with Financial Reporting Standards.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate and effective as at 31 December 2011.

2. Dealing in Securities.

In addition to the disclosures under Securities Trading Code of the Corporate Governance Report in the 2011 Annual Report, notifications on "black-out-periods" are being sent out to all officers and directors to remind them of the following:

- (a) As a Company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company is required to ensure that its officers comply with this Code of Best Practices on Securities Transactions ("the Code");
- (b) Officers are prohibited from dealing in the Company's securities during the prohibited period and clearly should refrain from doing so; and
- (c) Officers should not deal in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

In the internal Code of Conduct on dealing in securities of the Company sent to all directors and officers, all officers are reminded not to deal in the Company's securities during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements or such other date as the Company may specify ("Prohibited Period").

The Company has complied with the Listing Rule 1207(19) in the reporting year ended 31 December 2011.