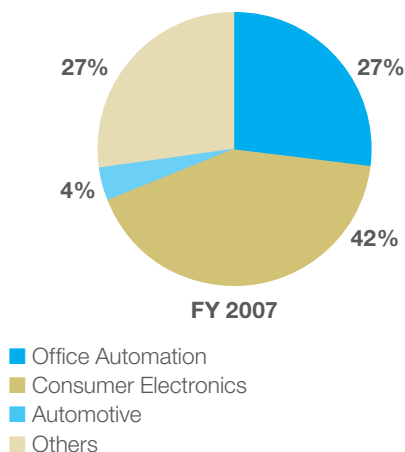
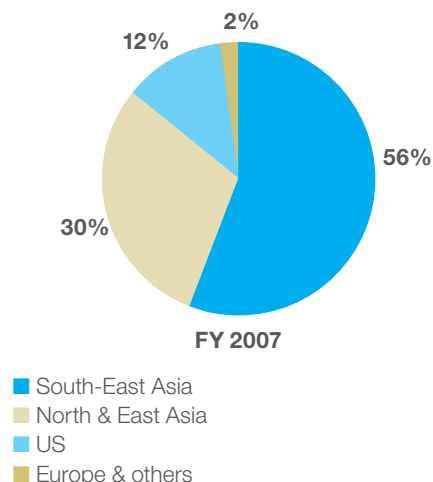


OPERATING & FINANCIAL REVIEW

Revenue by Business Segment (%)



Revenue by Geographical Segment (%)



HLN Group is an integrated mechanical component supplier serving primarily the consumer electronics, office automation, automotive, industrial applications, defense and other sectors located mainly in the fast growing Asian countries. The Group offers an array of quality customized precision products such as bumpers, pads, ink absorbers, roller parts, name plate, labels, adhesives and high grade aluminium plate and rod to multinational corporations and local blue-chip manufacturing powerhouses. These parts are used in printers and copiers, vacuum cleaners and other electrical appliances, automobiles, semiconductor equipments and other information communication devices.

Currently, HLN Group supports its wide base of customers in diverse industries through its twelve subsidiaries operating in four countries, namely; Singapore, Indonesia (Batam), Malaysia (Johor) and China (Shenzhen and Suzhou). The group is managed through its Metallic, Elastomeric and Polymeric strategic business units ("SBU") each led by an Executive Director who is an industry veteran in his own SBU.

Operations Review

Our revenue has more than tripled from \$14.1 million in FY2005 to \$50.4 million in FY2007, growing at a compounded rate of 53% per annum, driven mainly from sales contributions by our newly established metal service centre (MSC) business as well as impressive growth from our existing businesses. Sales to all the business segments registered double digit growth rates and the North and East Asia region, primarily China, accounted for 30% of the Group's total turnover in FY2007.

The Group, through its Metallic SBU, ventured into the precision turning and machining operations in 2006 to expand its product offerings to its customers mainly in the office automation, memory storage and defense/ industrial application industries. It further established two more metal service centres in China to ride on the growing demand for high grade precision machined aluminium plate and rod in the country in 2007. The Metallic SBU has contributed significantly to the Group's top line growth in FY2007 with new customers acquired and higher sales value generated, and broadened the Group's product portfolios and diverse customer base.

The Metallic SBU counts global conglomerates and contract manufacturers among its wide base of customers located across the Asia Pacific region including the US.

Due to strategy and restructuring reasons, the precision machining arm was hived off in the second half of 2007 to allow the SBU to better focus on the MSC business. It also acquired the remaining 40% interest in the loss making precision turning operation with a view to turn around into a profitable venture after having procured new customers in the US and Europe. The Group will continue to monitor the performance of each of its individual SBU to ensure alignment of the Group's strategy and relative economic contributions.

With the completion of the expansion of production capacity in Johor and Suzhou in FY2007, the Elastomeric SBU further enhanced its competitiveness as a leading manufacturer of customized precision rubber products in the region. In FY2007, the Elastomeric SBU has also added top notch customers including world renowned consumer electrical appliance maker and construction equipment manufacturer to its major customer base.

OPERATING & FINANCIAL REVIEW

(CONT'D)



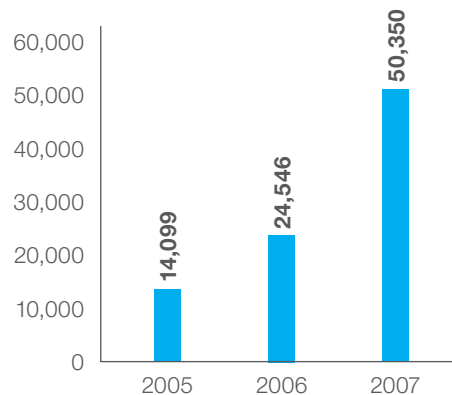
The timely expansion has provided the Elastomeric SBU with sustainable impetus to both its top line and bottom line growth.

The Group's Polymeric SBU, which specializes in customized die-cutting services, also enjoyed impressive financial performance after having developed jointly with its supplier and customer certain special materials used in its end customers' products. It has also restructured the name plate business which it acquired in 2006 to increase its production efficiency and quality deliverables. To support its customers' expansion drive, the Polymeric SBU may explore setting up a manufacturing operation in China to leverage on the close proximity with some of its major customers there.

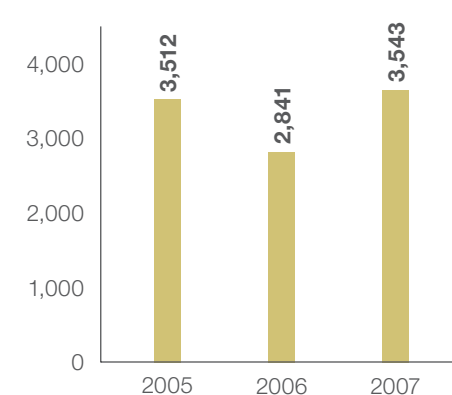
The Group placed out 9.8 million new shares in 2007 to raise funds for its newly acquired MSC business and to fund the business expansion of its Elastomeric and Polymeric SBUs, as it pursued the implementation of its expansion strategy set out in the Company's IPO Prospectus and the Share Placement exercise.

Financial Review

SALES



PATMI



The Group delivered a stellar performance in FY2007, with profits attributable to shareholders rising 24.7% to \$3.5 million on the back of a 105.1% jump in revenue to \$50.4 million.

Gross profit margin, however, decreased from 36.5% in FY2006 to 27.8% in FY2007 mainly due to different sales mix as the three SBUs do not command the same gross margin, especially the MSC business. As a result, gross profit increased by \$5.0 million or 56.3% from \$9.0 million in FY2006 to \$14.0 million.

In line with the higher sales and an expanded group structure after the acquisition spree in the second half of 2006, our operating expenses also increased. Both distribution costs and administrative expenses increased by 178.9% and 69.2% respectively or \$4.3 million in aggregate to \$8.8 million, mainly for staff costs, travelling, entertainment and other sales related expenses.

We also registered increase in other charges of \$0.30 million or 68.0% to \$0.75 million in FY2007 mainly due to provision for doubtful trade debts, loss on disposal of our subsidiary, HLN Promax Pte Ltd and start-up losses of our new metal service centre business in Suzhou, China, during the year.



Finance costs also went up \$0.42 million mainly due to the higher interest expense because of our higher bank borrowings in our MSC business which relies heavily on trade financing from the banks. During the same period, our interest income also decreased as we drew down our IPO proceeds toward business expansion. The IPO proceeds were previously placed in fixed deposits earning higher interest income.

Overall, we continue to be profitable in FY2007 with profit before tax of \$4.0 million. The higher tiered income tax exemption in Singapore and the tax-free profits generated from our China subsidiaries have brought about higher after-tax profits to the Group. Our profits attributable to shareholders, at \$3.54 million, were also boosted from minority shareholder share of losses in those subsidiaries which we do not hold 100% equity interest, thus contributing to the 24.7% increase compared to FY2006.

Our Group balance sheet and financials continue to be strong, with shareholders' equity of \$23.8 million and cash and cash equivalents of \$6.7 million as at 31 December 2007. During the year, the Group invested substantially in inventories and trade receivables due to its business expansion especially in the MSC business. It also invested about \$5.1 million in plant and equipment acquisition in its

Malaysia and China operations. As a result, net cash used in operating and investing activities amounted to \$13.3 million compared to \$5.3 million in FY2006. The funding came from both bank borrowings and new share issue and minority shareholder financing of approximately \$16.2 million. The excess of cash flow from financing activities over those used in operating and investing activities was approximately \$2.9 million and after interest payment of \$0.48 million, cash and cash equivalents increased by a net \$2.5 million during the year.

Trade receivables and inventories recorded increase of \$4.3 million and \$10.2 million respectively in FY2007 compared to FY2006. Debtor turnover days, however, improved from 117 days to 88 days due to better collection efforts. The nature of the MSC business requires substantial inventory holding to generate sales, hence, inventory turnover days increased from 71 days in FY2006 to 133 days in FY2007.

The Group increased its bank borrowings, mainly trust receipts and revolving credit financing, by \$9.5 million from \$2.4 million as at 31 December 2006 to \$11.9 million 31 December 2007 to fund our business expansion and the MSC business. As a result, net gearing ratio was 22.6% as at 31 December 2007 compared to a positive net cash flow position as at 31 December 2006.

Net current assets and current ratio, however, remain healthy at \$15.2 million and 1.81 times respectively, compared to \$7.8 million and 1.94 times respectively as at 31 December last year.

Outlook

The looming recession threat in the US accompanied by the continuing depreciation of the US dollar, rising energy costs as well as the much hyped inflation risk in China may adversely affect the Group's financial performance in the coming year. The Group will proactively seek various economic and financial measures to mitigate the risks and enhance its flexibility to weather the turbulence through production location evaluation, product and process re-engineering, cost management and financial hedging, among others.

Notwithstanding the above risk factors, we are confident as a stronger group now to overcome the challenges in FY2008. Our key goal in FY2008 is to build upon what we have acquired and grown over the past 3 years so as to achieve greater economies of scale and higher degree of operational integration to deliver another profitable year for the Group.





Inspired Leadership

Guided by a set of positive and energizing core values, our way forward is charted by leaders of vision, knowledge and determination. We move with confidence and in unison, helmed at board and executive management levels by pioneers and founders in the industry.

BOARD OF DIRECTORS



Mr Ng Khoon Seng

Group Executive Chairman

Mr Ng Khoon Seng was appointed Group Executive Chairman of our Company on 27 November 2006. He has been our Executive Director since its incorporation on 26 February 2004 (date of last re-election: 21 April 2006). As the Group Executive Chairman, Mr Ng's role is to manage the Board, to ensure timely and accurate flow of information between the Management and the Board, to encourage constructive relations among the directors and to promote harmonious relations with the shareholders. He also oversees the Group Human Resources functions and serves as a member of the Nominating and Remuneration Committees.

Together with the Group CEO, Mr Wa Kok Liang, Leslie, Mr Ng makes key decisions on the management and operations of the Group, oversee the production operations of our Group's SBUs in Singapore, Malaysia, Indonesia and the PRC for ensuring that optimal production efficiency is achieved. Mr Ng also oversee the production planning and strategic production decision making of our Group, maintains relations with certain of our Group's key customers and also manages the Group's Polymeric SBU. He has more than 28 years of experience in the stamping and die-cutting industry.



Mr Hein Ke Long, Henry

Vice-Chairman

Mr Hein Ke Long, Henry was appointed as a Director and the Vice Chairman of our Company on 5 March 2004 (date of last re-election: 23 April 2007) and became our Executive Director on 23 March 2005. Mr Hein serves as a member of the Audit Committee.

Mr Hein also manages the Group's Metallic SBU which was established in January 2006 to augment the Group's foray into the Metallic sector as part of the Group's expansion plan. He was a Non-Executive Director of Innovalues Precision Limited, a company listed on the SGX-ST Mainboard, engaged in the production of high precision turned parts and components, metal components machining, plating services and the assembly of rubber rollers and mechanical devices from June 1997 to November 2004 and an Executive Director from June 1998 to January 2004. As an Executive Director of Innovalues Precision Limited, Mr Hein was responsible for the strategic marketing and sales functions of the group.

Mr Hein was an Executive Director and then the Managing Director of TNH Metal Pte Ltd. Mr Hein left TNH Metal Pte Ltd in January 1997. In June 1997, Mr Hein founded Innovalues Precision Limited and became its Executive Director.

As at 31 December 2007, Mr Hein holds 4,658,000 shares (including deemed interest) in HLN Technologies, representing 4.23% of the Company's total shares issued.



Mr Wa Kok Liang, Leslie
Group Chief Executive Officer

Mr Wa Kok Liang, Leslie was appointed as an Executive Director and the Group Chief Executive Officer of our Company since its incorporation on 26 February 2004 (date of next re-election: 28 April 2008). As our Group CEO, Mr Wa is responsible for our Group's strategic marketing, financial planning and market development. He has been spearheading the expansion and growth of our Group, including the expansion of our Group's production facilities and services in the region and in the PRC. He is overall responsible for the performance of the Group.

He also manages the Group's Elastomeric SBU. Mr Wa has more than 10 years of experience in the elastomeric and polymeric products industry. Following his graduation in 1995, Mr Wa joined HLN Rubber Products Pte Ltd in November 1995 as a Business Development Manager. He subsequently became the Managing Director of HLN Rubber Product Pte Ltd. Mr Wa holds a MBA (International Management) degree and a Bachelor of Business in Business Administration degree from the RMIT University, Australia. Mr Wa also holds a Diploma in Business Administration from the Singapore Polytechnic and a Certificate in Rubber Technology from the Akron University, USA. Mr Wa has been a member of the Plastics and Rubber Institute of Singapore since April 2004 and a member of the Singapore Institute of Director since May 2006. He is voted amongst the Finalist for Rotary-ASME Entrepreneur of the year Award 2006.

As at 31 December 2007, Mr Wa holds 33,720,720 shares (including deemed interest) in HLN Technologies representing 30.64% of the Company's total shares issued.



Mr Jovenal R. Santiago
Lead Independent Director

Mr Jovenal R. Santiago was appointed as an Independent Director of our Company on 30 September 2005 (Mr Santiago shall be elected yearly in pursuant to section 153 of the Companies Act, Cap 50). Mr Santiago also serves as the Chairman of the Audit and Nominating Committees and as a member of the Remuneration Committee. He also holds directorships in other Singapore listed companies namely; Fastech Synergy Ltd, Ionics EMS, Inc., Giant Wireless Technology Ltd, Willas-Array Electronics (Holdings) Ltd and Cosmosteel Holdings Ltd.

A Certified Public Accountant, Mr Santiago has more than 40 years of experience in the accounting and auditing profession in Singapore and the Philippines before his retirement in 1998. From 1971 to 1998, he was an audit principal of an international accounting firm in Singapore where he was in charge of audit engagements of a wide portfolio of clients including several public listed companies.

Mr Santiago holds a Bachelor of Science degree in Commerce from the University of Santo Tomas, Philippines and MBA degree from New York University, USA

As at 31 December 2007, Mr Santiago holds 150,000 share (including deemed interest) in HLN Technologies, representing 0.14% of the company's total share issued.



Mr Tang Chi Loong
Independent Director

Mr Tang Chi Loong was appointed as an Independent Director of our Company on 14 September 2006 (date of last re-election: 23 April 2007). Mr Tang also serves as the Chairman of the Remuneration Committee and as a member of the Audit and Nominating Committees.

Mr Tang is currently a partner of M/s Hin Tat Augustine and Partners, a law firm established in Singapore. He started his legal career at M/s Choo & Soh in 1995 and became partner in 1998. In 2003, M/s Choo & Soh merged with M/s Hin Tat & Partners to form M/s Hin Tat Augustine and Partners. Mr Tang is a founding member of that firm.

Mr Tang holds a Bachelor of Law (Honours) degree from the national University of Singapore.

As at 31 December 2007, Mr Tang does not hold any share (including deemed interest) in HLN Technologies.

KEY MANAGEMENT STAFF



1. Mr Ee Teck Siew

Mr Ee Teck Siew is our Group Chief Financial Officer. He joined the Group on 27 December 2004 as the Group Financial Controller and was promoted to Group CFO on 01 August 2007. He has overall responsibilities over the Group's financial management, system implementation, internal controls, treasury and banking matters and mergers and acquisitions. Mr Ee has more than 14 years of experience in finance and accounting, having worked in various companies mainly involved in manufacturing and distribution. He has also stationed in China for more than 4 years. Mr Ee was Group Finance Manager of another SGX-ST Mainboard listed company and held managerial positions in subsidiaries of other listed companies. Mr Ee graduated with a Bachelor degree in Accountancy (2nd Class Upper) from the Nanyang Technological University in 1994. He also holds a Specialist Diploma in Supply Chain Management from the Nanyang Polytechnic in 2003. Mr Ee is a non-practising member of the Institute of Certified Public Accountants, Singapore.



2. Mr Tan Chye Thiam, Kelvin

Mr Tan Chye Thiam, Kelvin is the General Manager of our Elastomeric SBU. He is responsible for the general and operations management of the Elastomeric SBU spanning Batam, Johor and Singapore. Mr Tan joined our Group on 12 February 2007 as a Deputy General Manager and was promoted to General Manager of Elastomeric SBU on 1st September 2007. Mr Tan has more than 10 years of experience in Plant Management for the rubber industry. Prior to joining our Group, Mr Tan was Assistant Plant Manager of Hi-Tech Polymer Limited from 2000 to 2007, and worked as Production Manager for various manufacturers between 1991 to 2000. Mr. Tan holds a Diploma in Chemical Process Technology from the Singapore Polytechnic in March 1988.



3. Mr Ng Koon Chuan, Francis

Mr Ng Koon Chuan, Francis is the General Manager of our Polymeric SBU. He is also the Operation Director of Process Innovation Technology Pte Ltd since September 2001. Mr Ng is responsible for the general and operations management of the company including materials sourcing and planning, sales, customer relationship management, public relations and inventory management, as well as overseeing the two subsidiaries of Process Innovation Technology Pte Ltd. After completing his secondary level education, Mr Ng served in the Armour Unit of the Singapore Armed Forces and the Intelligence Unit of the Ministry of Defence from January 1977 to August 1989. From August 1989 to September 2001, Mr Ng worked as a shipbroker in several local shipbroking companies such as MT Maritime Management Pte Ltd, SHINC Shipbroking Pte Ltd and Sea-Pac Shipbroking Pte Ltd. As a shipbroker, Mr Ng was responsible for the operations, chartering and the sale and purchase of shipping vessels.



4. Ms Tan Choong Sim, Gina

Ms Tan Choong Sim, Gina is our Group Finance Manager. She joined in May 2007 and is responsible for the overall financial and management reporting of HLN Technologies Limited and its subsidiaries. Ms Tan also oversees the internal and external audit of the whole Group and liaises with the company secretary for matters involving the Board and the SGX announcements. Prior to joining our Group, she was Group Finance Manager between 2001 to 2007 for two other listed companies, and has worked as Finance Manager for a mechanical engineering company from 1997 to 2001. Ms Tan was with the Econ Group of Companies from April 1984 to November 1996 where she last held the position as Accounting Manager. She is a fellow member of the Association of Chartered Certified Accountant ("FCCA") and a member of the Institute of Certified Public Accountants of Singapore ("ICPAS").



5. Ms Wa Sock Yin, Yvonne

Ms Wa Sock Yin, Yvonne is the Sales Director of our Elastomeric Business Unit. She is responsible for sales, material planning, customer relationship and regional sales development for the Elastomeric SBU. Ms Wa joined our Group in April 1996 as an Accounts Executive. She later became the Marketing Manager in July 1999 and has held the position as the General Manager of HLN Rubber Products Pte Ltd and the Elastomeric SBU since January 2004 until her re-designation to her present position in July 2007. Prior to joining our Group in April 1996, Ms Wa was an Assistant Accountant at DBS Asset Management Limited, a fund management company from May 1993 to March 1996. Ms Wa holds a Diploma in Accountancy with Merit from Ngee Ann Polytechnic in June 1993.



6. Mr Tan Chong Hwa, Christopher

Mr Tan Chong Hwa, Christopher is our General Manager of HLN (Suzhou) Rubber Products Co., Ltd in PRC. He is responsible for the general and operations management of HLN (Suzhou) Rubber and oversees the development of our Group's businesses in East Asia. Mr Tan has more than 10 years of sales and marketing experience. Prior to joining our Group in July 2003, Mr Tan was an Assistant Sales Manager at Nitto Denko (S) Pte Ltd, a company engaged in the manufacture of tapes and electronic components from April 1997 to June 2003. From January 1994 to March 1996, Mr Tan was a Sales and Marketing Executive at Futaba Denshi (S) Pte Ltd, a company engaged in the manufacture of vacuum fluorescent displays. Mr Tan holds a Bachelor of Science degree in Economics and Management from the University of London. He graduated with an Executive MBA post-graduate qualification from the Washington University in St-Louis, USA and Fudan University in Shanghai, China in December 2007.



7. Ms Ng Lian Hong, Elsie

Ms Ng Lian Hong, Elsie is our Senior Operations Manager of Process Innovation Technology Pte Ltd. She is responsible for finance, human resources, purchasing and general administration of Process Innovation Technology Pte Ltd and is currently also a Non-Executive Director of Pro-stamping Industrial Pte Ltd, a company engaged in providing subcontracting services for the punching of printed circuit boards, which she formed in March 1992 together with her family members including our Group Executive Chairman, Mr Ng Khoon Seng. Ms Ng holds a Higher Accounting and Business Statistics Certificate from the London Chamber of Commerce and Industry.

CORPORATE INFORMATION

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Board of Directors

Ng Khoon Seng
Group Executive Chairman
Hein Ke Long, Henry
Vice Chairman / Executive Director
Wa Kok Liang, Leslie
Group Chief Executive Officer /
Executive Director
Jovenal R. Santiago
Lead Independent Director
Tang Chi Loong
Independent Director

Nominating Committee

Jovenal R. Santiago Chairman
Tang Chi Loong Member
Ng Khoon Seng Member

Remuneration Committee

Tang Chi Loong Chairman
Jovenal R. Santiago Member
Ng Khoon Seng Member

Audit Committee

Jovenal R. Santiago Chairman
Tang Chi Loong Member
Hein Ke Long, Henry Member

Company Secretary

Catherine Lim Siok Ching

Registered Office

Blk 16 Kallang Place
#01-18 Kallang Basin Industrial Estate
Singapore 339156

Share Registrar

Boardroom Corporate
& Advisory Services Pte Ltd
3 Church Road
#08-01 Samsung Hub
Singapore 049483

Auditors

RSM-Chio Lim & Associates
18 Cross Street
#09-01 Marsh & McLennan Centre
Singapore 048423

Partner-In-Charge

Mr Peter Jacob
since financial year ended 31 December 2004