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KANHAN TECHNOLOGIES GROUP LIMITED

看漢科技集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8175)

**PLACING OF NEW SHARES
AND
RESUMPTION OF TRADING**

Placing Agent



亨達融資有限公司
Hantec Capital Limited

On 14 June 2005 and 16 June 2005 the Company entered into the conditional Placing Agreement and the conditional Supplemental Agreement with the Agent on a best endeavours basis for the placing of 116,740,000 new Shares to not fewer than 6 Placées at the Placing Price of HK\$0.023 per Placing Share.

The Placing Price of HK\$0.023 represents (i) a discount of approximately 11.54% to the closing price of HK\$0.026 per Share as quoted on the Stock Exchange on 14 June 2005, being the date on which the Placing Agreement is signed; and (ii) a discount of approximately 17.86% to the average closing price of approximately HK\$0.028 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 13 June 2005.

On the assumption that all the Placing Shares are sold in full under the Placing, the gross proceeds will amount to approximately HK\$2.69 million and the net proceeds receivable by the Company under such Placing are estimated to be approximately HK\$2.55 million after deducting the placing commission and all costs, fees and expenses to be borne by the Company. It is presently intended that approximately HK\$1.275 million will be applied for further development of the Group's existing business and approximately HK\$1.275 million will be used as general working capital.

The Placing is conditional upon the Listing Committee of GEM granting approval for the listing of, and permission to deal in, the Placing Shares.

At the request of the Company, trading of the Shares have been suspended on the Stock Exchange from 9:30 a.m. on 15 June 2005 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 17 June 2005.

THE PLACING AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

Date : 14 June 2005 and 16 June 2005 respectively

Issuer : The Company

Agent : Hantec Capital Limited

Placee(s)

The Placing Shares will be placed on a best endeavours basis, to not less than six placees which will be individuals, corporate, institutional investors or other investors procured by or on behalf of the Agent. The Placee(s) and their ultimate beneficial owner(s) will be Independent Third Party(ies).

It is expected that none of the Placee(s) will become a substantial shareholder of the Company immediately after the Placing.

Placing Shares

Up to 116,740,000 of the Placing Shares will be allotted and issued to the Placee(s) and represent approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company of 700,458,400 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

Pursuant to the Placing Agreement, the Placing Price of HK\$0.022 was fixed and was later amended to HK\$0.023 under the Supplemental Agreement.

The Placing Price of HK\$0.023 per Placing Share represents (i) a discount of approximately 11.54% to the closing price of HK\$0.026 per Share as quoted on the Stock Exchange on 14 June 2005, being the date on which the Placing Agreement is signed; and (ii) a discount of approximately 17.86% to the average closing price of approximately HK\$0.028 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 13 June 2005, the date immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Agent with reference to the closing prices as shown above. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing Costs

Upon completion of the Placing Agreement, the Company shall pay to the Agent the placing commission of 1.5% of the aggregate Placing Price of the total number of Placing Shares sold on behalf of the Company by the Agent in pursuance of its obligations under the Placing Agreement and all costs, fees and expenses in relation to the preparation and completion of the Placing Agreement and the allotment and issue of the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors to allot, issue and deal with Shares at the AGM of the Company held on 22 April 2005. The general mandate authorises the Company to allot and issue Shares from time to time not exceeding 20% of the issued share capital as at the date of the AGM. As at the date of this announcement, the general mandate has not been utilised.

Independence of the Agent

Save and except that the Agent is the compliance adviser appointed by the Company pursuant to GEM Listing Rule 6A.19, the Agent is an Independent Third Party.

Conditions of the Placing

The Placing is conditional upon the Listing Committee of GEM granting approval for the listing of, and permission to deal in, the Placing Shares and the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable.

In the event that the conditions of the Placing are not fulfilled on or before 14 days from the date of the Placing Agreement, that is, on or before 28 June 2005 (or such other date as may be agreed between the parties), the Placing Agreement shall cease and determine and neither the Company nor the Agent shall have any claim against the others under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the next Business Day after the conditions of the Placing are fulfilled (or such other date as may be agreed between the parties).

Application for listing

Application will be made by the Company to the Listing Committee of GEM for the listing of, and permission to deal in, all the Placing Shares.

Reasons for the Placing

The Group is principally engaged in developing and marketing a patented server based technology for its real time on-line communications software platform for the Chinese language. In addition, the Group is also engaged in the provision of software related services.

Taking into account the current active and favourable equity market conditions, the Board considers that it is beneficial to the Company and the Shareholders to capitalise this opportunity to raise capital for future business development of the Group by way of Placing. The Directors are of the view that the Placing will strengthen the capital base of the Group.

Use of proceeds

On the assumption that all the Placing Shares are sold in full under the Placing, the net proceeds of the Placing, after deducting the placing commission and all costs, fees and expenses in relation to the preparation and completion of the Placing Agreement and the allotment and issue of the Placing Shares to be borne by the Company (amounting to HK\$0.14 million), is approximately HK\$2.55 million

(approximately HK\$0.022 per Placing Share). As at the date of this announcement, the Group is presently intended that approximately HK\$1.275 million will be used for further development of the Group's existing business including but not limited to modifying and upgrading the Company's patented server-based language technology and its related softwares to cater for different types of customers in various sectors and the balance of the net proceeds of approximately HK\$1.275 million will be used as general working capital. The Directors consider that the Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and the Agent and that the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Fund raising exercise by the Company in the past twelve months

The Company has completed a placement of 97,286,400 new shares to YesMobile Holdings Company Limited and raised the net proceeds of approximately HK\$8,700,000 on 14 August 2004. As at the date of this announcement, approximately HK\$6,700,000 has been applied for general working capital purpose in accordance with the usage as disclosed in the announcement dated 3 August 2004. The remaining proceeds of approximately HK\$2 million will also be applied for general working capital purpose consistent with its original intent.

Effect on shareholding structure of the Company

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	At the date of this announcement and immediately before completion of the Placing		Immediately after completion of the Placing and assuming that all the Placing Shares are sold in full	
	<i>No. of Shares</i>	<i>Approximate Percentage</i>	<i>No. of Shares</i>	<i>Approximate Percentage</i>
	Mo Wai Ming, Lawrence (<i>Note 1</i>)	176,008,000	30.15	176,008,000
YesMobile Holdings Company Limited (<i>Note 2</i>)	97,286,400	16.67	97,286,400	13.89
Alexandra Investment Manager, LLC (<i>Note 3</i>)	75,010,000	12.85	75,010,000	10.71
Public Shareholders				
Placee(s)	–	–	116,740,000	16.67
Other public Shareholders	235,414,000	40.33	235,414,000	33.60
Total	583,718,400	100.00	700,458,400	100.00

Notes:

1. Mr. Mo Wai Ming, Lawrence is a Director and a substantial Shareholder.
2. Except for being a substantial Shareholder, YesMobile Holdings Company Limited and its ultimate beneficial owner(s) are Independent Third Party(ies).
3. Except for being a substantial Shareholder, Alexandra Investment Manager, LLC and its ultimate beneficial owner(s) are Independent Third Party(ies).

The Board confirms that, to the best of their knowledge, information and belief, apart from Mr. Mo Wai Ming, Lawrence, YesMobile Holdings Company Limited and Alexandra Investment Manager, LLC being substantial Shareholders, the remaining shareholdings held in public hands (which are Independent Third Party(ies)) immediately after completion of the Placing (assuming all Placing Shares are sold in full) will increase from approximately 40.33% to 50.27%, and is in compliance with Rule 11.23(1) of the GEM Listing Rules.

Suspension and resumption of trading

At the request of the Company, trading of the Shares have been suspended on the Stock Exchange from 9:30 a.m. on 15 June 2005 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 17 June 2005.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Agent”	Hantec Capital Limited, a licensed corporation permitted to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the Securities and Future Ordinance, Cap 571 of the Laws of Hong Kong and the compliance adviser appointed by the Company pursuant to GEM Listing Rule 6A.19
“AGM”	annual general meeting of the Company held on 22 April 2005
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed bank are generally open for business in Hong Kong throughout their normal business hours
“Company”	KanHan Technologies Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Directors”	directors (including the independent non-executive directors) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company in accordance with the GEM Listing Rules
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Agent to purchase any of the Placing Shares pursuant to the Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Agent to selected investors pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 14 June 2005 and entered into between the Company and the Agent in respect of the Placing
“Placing Price”	the price of HK\$0.023 per Placing Share
“Placing Shares”	up to 116,740,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement and which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the agreement dated 16 June 2005 and entered into between the Company and the Agent amending the terms of the Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Au Shui Ming, Anna
Company Secretary

Hong Kong, 16 June 2005

* *For identification purpose only.*

As at the date of this announcement, the executive directors are Mr. Mo Wai Ming, Lawrence and Mr. Ma She Shing, Albert. The independent non-executive directors are Mr. Kwok Chi Sun, Vincent, Mr. Lee Kun Hung and Mr. Hsu Shiu Foo, William.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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