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## **KANHANA TECHNOLOGIES GROUP LIMITED**

**看漢科技集團有限公司\***

*(Proposed to be renamed as Shen Nong China (Group) Limited 神農中國(集團)有限公司)*

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8175)

### **PROFIT GUARANTEE**

Reference is made to the announcements of the Company dated 9 February 2007 and 21 March 2007 in relation to the acquisition of the entire equity interest in Silky Sky.

The Board announces that the Guaranteed Profit has not been met and the Vendor has fulfilled his obligation in accordance with the Formal Agreement in relation to the Profit Guarantee.

Reference is made to the announcements (the “**Announcements**”) of the Company dated 9 February 2007 and 21 March 2007 in relation to the acquisition of the entire equity interests in Silky Sky. Definitions and terms used in this announcement, unless otherwise stated, shall bear the same meanings as defined in the Announcements.

Pursuant to the Formal Agreement, the Vendor, Mr. Yang Pei Gen (“Mr. Yang”), has guaranteed and warranted to the Purchaser that the audited consolidated net profit after taxation and extraordinary or exceptional items of the Target for the year ended 31 December 2007 (the “**Net Profit**”) shall not be less than HK\$5 million (the “**Guaranteed Profit**”). In the event the Guaranteed Profit is not achieved, the amount of total consideration will be adjusted downwards by setting off against the payment obligations of the Purchaser under the Promissory Note on a dollar to dollar basis in an amount equivalent to the shortfall which will be equal to the difference between the actual Net Profit and the Guaranteed Profit. In the event that the compensation amount under the Profit Guarantee exceeds the payment obligations of the Purchaser under the Promissory Note, the Vendor shall be obligated to pay any such shortfall to the Purchaser in cash.

The Board announces that the actual audited consolidated net profit after taxation and extraordinary or exceptional items of the Target for the year ended 31 December 2007 was HK\$2,436,100 and therefore the Guaranteed Profit of HK\$5,000,000 has not been met. In accordance with the Regulations of Fertilizer Registration Management (肥料登記管理辦法), Temporary Fertilizer Registration Certificate (肥料臨時登記證) is required to be obtained before commercial production of organic fertilizer can be conducted in the PRC. Due to unexpected delay in the application procedure, the Subsidiary was not able to obtain such certificate until November 2007. The production schedule of the Subsidiary was delayed. The turnover of the Subsidiary for the year ended 2007 was lower than expected and the Net Profit did not meet the Guaranteed Profit.

Accordingly, Mr. Yang is obliged to compensate for the shortfall of HK\$2,563,900. As at 27 March 2008, the total outstanding sum of the Promissory Note payable to Mr. Yang is HK\$1,048,832. In accordance with the terms stipulated in the Formal Agreement, such balance is set off against the shortfall of HK\$2,563,900. On 27 March 2008, Mr. Yang has paid the balance of the shortfall of HK\$1,515,068 to the Purchaser, a subsidiary of the Company, in cash. Accordingly, Mr. Yang has fulfilled his obligations in accordance with the Formal Agreement in relation to the Profit Guarantee.

By order of the Board  
**KANHAN TECHNOLOGIES GROUP LIMITED**  
**Au Shui Ming, Anna**  
*Executive Director*

Hong Kong, 27 March 2008

*As at the date of this announcement, the executive Directors are Mr. Pang Hong Tao, Peter, Mr. Yang Pei Gen, Mr. Mo Wai Ming, Lawrence and Ms. Au Shui Ming, Anna. The non-executive Director is Mr. Ma She Shing, Albert. The independent non-executive Directors are Mr. Hsu William Shiu Foo, Mr. Lee Kun Hung and Mr. Kwok Chi Sun, Vincent.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. 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.*

*This announcement will remain on GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at [www.kanhan.com](http://www.kanhan.com).*

\* *For identification purpose only*