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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)

### **MAJOR TRANSACTION: THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SILKY SKY INVESTMENTS LIMITED AND RESUMPTION OF TRADING**

On 2 February 2007, the Purchaser entered into the MOU to acquire from the Vendor the Sale Share and the Sale Loan, for a total consideration of HK\$61,000,000.

The total consideration for the Sale Share and the Sale Loan shall be settled by the Purchaser in the following manner: (i) as to the Deposit of HK\$5,000,000 in cash paid at the time of the entering into of the MOU; (ii) as to HK\$15,000,000 in cash payable at the time of the entering into of the Formal Agreement; (iii) as to HK\$16,968,750 by the Purchaser procuring the Company to allot and issue 135,750,000 Consideration Shares to the Vendor credited as fully paid, at the Issue Price; and (iv) as to HK\$24,031,250 by issuing the Promissory Note to the Vendor.

The Consideration Shares represent approximately 23.01% of the existing issued share capital of the Company and approximately 18.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Proposed Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules and is subject to the approval of the Shareholders at the EGM.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 5 February 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 12 February 2007.

\* For identification purpose only

## **THE MOU**

Date: 2 February 2007

Parties: (i) Purchaser: Rise Assets Limited, a wholly owned subsidiary of the Company  
(ii) Vendor: Yang Pei Gen

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules). The Vendor is a medical doctor by profession and is a graduate of 蕪湖市皖南醫學院 (Wuhu Wan Nan Medical College)# where he majored in clinical medicine. He has over ten years experience in corporate management, marketing and innovation of new products. The Vendor is the managing director of the Subsidiary. He is involved in the supervision of the daily operation of and the formation of strategic direction of the Subsidiary. The Vendor has been involved in the research and development of the technology applied by the Subsidiary for over ten years prior to the establishment of the Subsidiary.

### **Assets to be acquired**

Pursuant to the MOU, the Purchaser has agreed to acquire and the Vendor has agreed to sell: (i) the Sale Share, representing the entire issued share capital of the Target as at the date of this announcement; and (ii) the Sale Loan, which amounted to approximately HK\$4.53 million as at the date of the MOU.

### **Consideration**

The total consideration for the Sale Share and the Sale Loan is HK\$61,000,000 and shall be settled by the Purchaser in the following manner:

- (i) as to the Deposit of HK\$5,000,000 in cash paid at the time of the entering into of the MOU;
- (ii) as to HK\$15,000,000 in cash payable at the time of the entering into of the Formal Agreement;
- (iii) as to HK\$16,968,750 by the Purchaser procuring the Company to allot and issue 135,750,000 Consideration Shares to the Vendor credited as fully paid, at the Issue Price; and
- (iv) as to HK\$24,031,250 by issuing the Promissory Note to the Vendor.

## **Conditions precedent**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser and the Target in respect of the Proposed Acquisition and the transactions contemplated thereunder having been obtained;
- (c) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Proposed Acquisition and the transactions contemplated hereunder, including but not limited to the allotment and issue of the Consideration Shares to the Vendor credited as fully paid at the Issue Price;
- (d) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the legality and the validity in respect to the establishment and subsistence of the Subsidiary and the transactions contemplated under the MOU;
- (e) the warranties provided by the Vendor under the MOU and the Formal Agreement remaining true and accurate in all respects;
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
- (g) the completion of the Target Group Reorganisation.

Conditions (a) and (e) above are waivable by the Purchaser under the MOU. The Purchaser has no current intention to waive such conditions. Other than Conditions (a) and (e), the other conditions are incapable of being waived.

## **Warranties**

The warranties provided by the Vendor under the MOU include, among others, the following warranties:

- (i) Save as disclosed in the management accounts of the Subsidiary, the Subsidiary does not have any other liabilities or contingent liabilities as at the date of the MOU;
- (ii) From the date of the management accounts of the Subsidiary to the date of Completion, there will not be any actions or omissions causing any claims based on the MOU or other contracts;

- (iii) The Subsidiary does not utilise any methods or involve in any actions which would infringe any third party intellectual property rights; and
- (iv) The Subsidiary is duly established in accordance with the laws of the PRC and all necessary approvals for the establishment and the operation of business of the Subsidiary have been duly obtained.

### **Completion**

Completion shall take place at 4:00 p.m. within three Business Days after all the conditions of the MOU have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser.

In the event that Completion does not take place as stipulated due to breach of the terms by the Purchaser, the Vendor shall have the right to forfeit the Deposit as liquidated damages.

In the event that Completion does not take place as stipulated due to breach of the terms by the Vendor, the Vendor shall refund the Deposit to the Purchaser and the Vendor shall pay an additional amount equivalent to the Deposit to the Purchaser as liquidated damages.

In the event that Completion does not take place as stipulated and that is not due to breach of the terms by the Vendor and the Purchaser, the Vendor shall refund the Deposit to the Purchaser and neither party shall have any obligations and liabilities under the MOU.

Upon Completion, the Target will become an indirect wholly owned subsidiary of the Company.

### **Long-stop date**

If all of the conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before the date falling 120 days from the date of the MOU (or such later date as the Vendor and the Purchaser may agree), the MOU shall cease and terminate.

### **Formal Agreement**

The Vendor and the Purchaser shall negotiate in good faith towards one another in ensuring that the Formal Agreement in respect to the Proposed Acquisition will be entered into as soon as possible and in any event, not later than 30 days from the date of the MOU or such later date as the Purchaser may agree. The MOU only sets out the major material terms of the Proposed Acquisition and the terms of the MOU shall be subject to the terms and conditions of the Formal Agreement.

The MOU is legally binding. In the event that the Formal Agreement is not entered into, the Purchaser would have the sole discretion to decide whether to proceed to the Completion upon all conditions precedent being fulfilled pursuant to the terms and conditions of the MOU or terminate the MOU. Upon termination of the MOU, save for any antecedent breaches of the terms thereof, the Vendor shall refund the Deposit to the Purchaser and neither party shall have any obligations and liabilities under the MOU.

Further announcement(s) will be made by the Company in the event that the Formal Agreement is entered into between the relevant parties.

### **Profit Guarantee**

The Vendor 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 ending 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**.

If the Target records a loss in its consolidated audited accounts for the year ending 31 December 2007, the compensation amount under the Profit Guarantee will be the aggregation of the amount of such loss (expressed in positive figure) and the amount of 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 of such shortfall to the Purchaser in cash.

Further announcement will be made by the Company in the event that the **Net Profit** is less than the **Guaranteed Profit**.

### **CONSIDERATION**

The consideration for the Proposed Acquisition represents a price earning multiple of approximately 12.2 times of the **Guaranteed Profit**. Such price earning multiple was determined by the Board with reference to eleven companies listed in major stock markets which are engaged in the manufacturing of fertilizers, business similar to the Target Group. The consideration for the Sale Share and the Sale Loan was agreed between the Vendor and the Purchaser after arm’s length negotiations after considering: i) the Profit Guarantee given by the Vendor; ii) the relatively low price earning ratio with reference to the companies listed in major stock markets which are engaged in business similar to the Target Group; and iii) the Directors’ belief that the Proposed Acquisition will provide a stable income source to the Group. The Directors consider the terms and conditions of the Proposed Acquisition to be fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## THE CONSIDERATION SHARES

The 135,750,000 new Shares will be issued at an Issue Price of HK\$0.125 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price represents:

- (i) a discount of approximately 19.35% to the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on 2 February 2007, being the last trading day immediately prior to the entering into of the MOU;
- (ii) a discount of approximately 19.56% to the average of the closing prices of HK\$0.1554 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 2 February 2007, being the last trading day immediately prior to the entering into of the MOU;
- (iii) a discount of approximately 16.72% to the average of the closing prices of HK\$0.1501 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 2 February 2007, being the last trading day immediately prior to the entering into of the MOU; and
- (iv) a premium of approximately 220.51% over the net asset value per Share of approximately HK\$0.039 based on the unaudited consolidated financial statements of the Group as at 30 June 2006.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM and will be allotted and issued on the date of Completion.

Based on the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on 2 February 2007, being the last trading day immediately prior to the entering into of the MOU, the Consideration Shares has a total market value of approximately HK\$21,041,250.

The Consideration Shares represent approximately 23.01% of the existing issued share capital of the Company and approximately 18.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Vendor undertakes to and covenants with the Purchaser that subject to that the single largest substantial Shareholder remains the same, he will not, within the period commencing on the date of Completion and ending on the date falling 6 months after Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares or any interests therein or grant any options or rights in respect of any of the Consideration Shares without prior approval from the Purchaser. As at the date of this announcement, the single largest largest substantial Shareholder is Mr. Mo Wai Ming, Lawrence, an executive Director of the Company.

The Issue Price was determined by the Board after taking into consideration of various factors including, the net loss of the Group for the nine months ended 30 September 2006 and the net asset value per Share. Given that the Issue Price represents a premium of approximately 220.51% over the net asset value per Share, the Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable. In addition, since the Vendor will become a substantial Shareholder upon Completion, the Board considers that the Consideration Shares will give extra incentive for him to manage the Subsidiary.

Although the Vendor will become the second largest substantial Shareholder of the Company upon Completion, the Vendor will not be appointed to the Board. There are no terms or provisions contained in the MOU which confer the Vendor with the right to nominate any person to the Board.

### **Application for listing**

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

### **CHANGES IN SHAREHOLDING STRUCTURE**

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and before Completion; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares:

<i>Shareholders</i>	<b>As at the date of this announcement and before Completion</b>		<b>Immediately after Completion and the allotment and issue of the Consideration Shares</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Mo Wai Ming, Lawrence ( <i>Note 1</i> )	144,024,172	24.41%	144,024,172	19.84%
Mr. Ma She Shing, Albert ( <i>Note 2</i> )	5,600,000	0.95%	5,600,000	0.77%
The Vendor	–	–	135,750,000	18.71%
Public	440,342,548	74.64%	440,342,548	60.68%
Total:	<u>589,966,720</u>	<u>100.00%</u>	<u>725,716,720</u>	<u>100.00%</u>

*Notes:*

1. Mr. Mo Wai Ming, Lawrence is an executive Director and a substantial Shareholder. On 13 April 2005, 129,766,892 Shares of such 144,024,172 Shares were charged in favour of Manciple Enterprises Limited, a company incorporated in the British Virgin Islands which is wholly and beneficially owned by Mr. Lau Kim Hung, Jack. Mr. Lau Kim Hung, Jack is an Independent Third Party. To the best of the Directors' knowledge, Both Manciple Enterprises Limited and Mr. Lau Kim Hung, Jack are third party independent of the Vendor and not connected with the Vendor and his associates.
2. Mr. Ma She Shing, Albert is an executive Director. These 5,600,000 Shares are directly held by Mr. Ma She Shing, Albert.

## **INFORMATION ON THE TARGET GROUP**

The Target Group is principally engaged in the production and distribution of organic fertilizer through a technology which converts organic wastes into organic fertilizer. Such technology, being developed by the Subsidiary, serves as a good solution for the prevailing environmental and ecological problems in the PRC. The Target and Sky Rich are investment holding companies and the Subsidiary is responsible for the main operation of the Target Group.

According to the unaudited consolidated financial statements of the Target for the period commencing from 18 August 2006, being the date of incorporation of the Target, to 31 January 2007, there was no turnover and the net loss after taxation and extraordinary items was approximately HK\$0.44 million.

As at 31 January 2007, the principal assets of the Target Group were cash and bank balances of approximately HK\$1.1 million and the prepayments of approximately HK\$2 million. The net liability of the Target Group was approximately HK\$0.44 million.

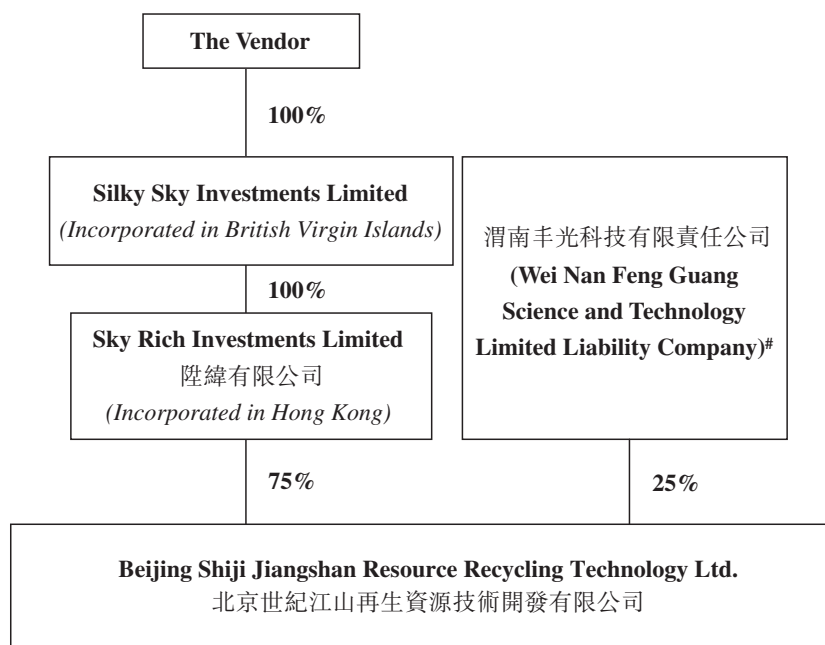
The registered capital of the Subsidiary amounts to RMB30 million. As at the date of this announcement, the equity interest of the Subsidiary is owned as to 75% by Sky Rich and the balance of 25% by a PRC entity, 渭南丰光科技有限責任公司(Wei Nan Feng Guang Science and Technology Limited Liability Company)<sup>#</sup>, which is an Independent Third Party. Upon the completion of the Target Group Reorganisation, the equity interest of the Subsidiary will be owned as to 51% by Sky Rich, as to 25% by渭南丰光科技有限責任公司 (Wei Nan Feng Guang Science and Technology Limited Liability Company)<sup>#</sup> and as to 24% by a company incorporated in Hong Kong, Fortune Pacific Limited, an Independent Third Party. As at the date of this announcement, the total injected capital paid by Sky Rich in the Subsidiary was approximately RMB4.5 million. The capital commitment in the Subsidiary to be borne by the Group after Completion will be approximately RMB12 million.

According to the unaudited financial statements of the Subsidiary for the period commencing from 25 December 2006, being the date of establishment of the Subsidiary, to 31 January 2007, there was no turnover and the net loss after taxation and extraordinary items was approximately HK\$0.6 million.

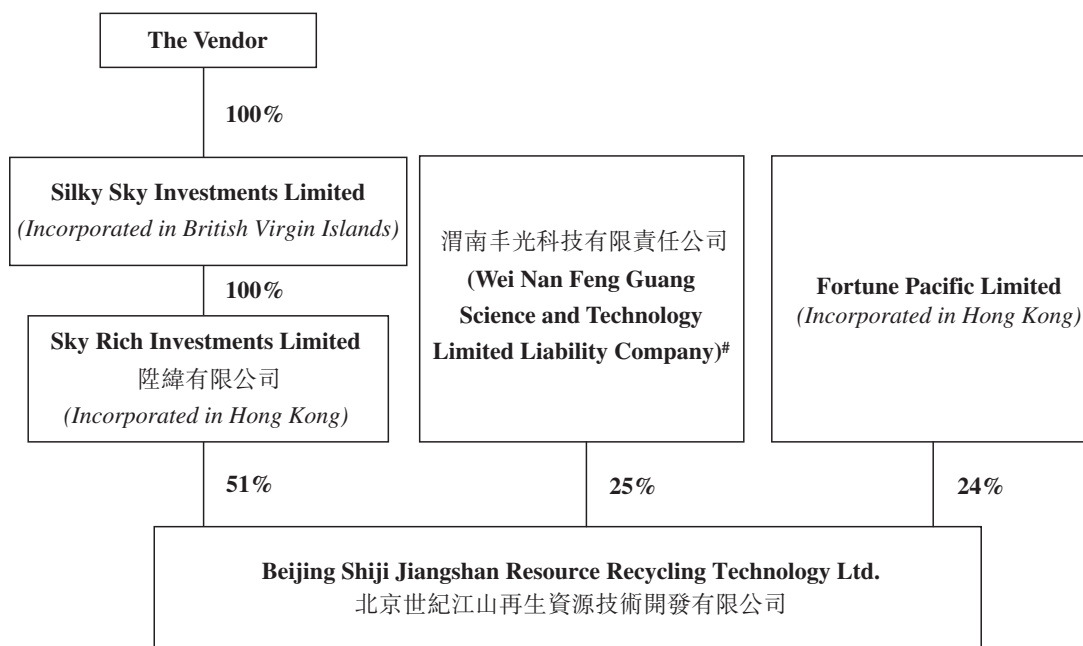


The following charts show the group structure of the Target Group immediately before and after the completion of Target Group Reorganisation and immediately after the Completion:

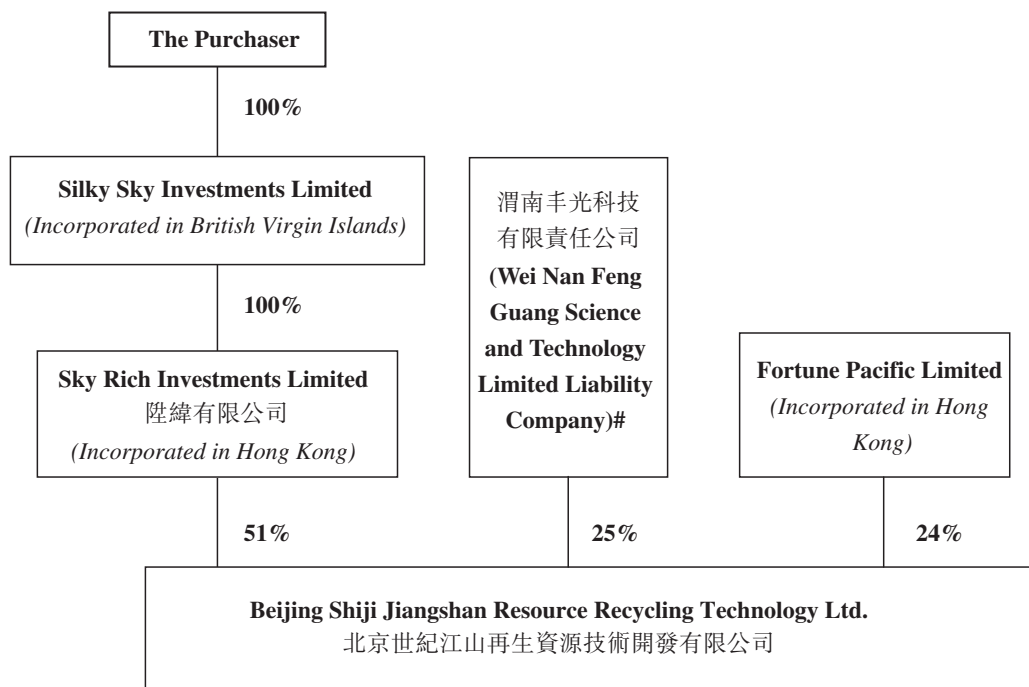
### Immediately before the completion of Target Group Reorganisation



### Immediately after the completion of Target Group Reorganisation and before the Completion



## Immediately after the Completion



The Target Group Reorganisation is in process and it is the intention of the Company to acquire 51% of the interest in the Subsidiary through the Proposed Acquisition. To avoid unnecessary complications as to the respective shareholdings in the Subsidiary of each party, the Proposed Acquisition is made conditional upon the completion of the Target Group Reorganisation. It is the commercial decision of the Company, after arm's length negotiations with the relevant parties, to acquire 51% of the interest in the Subsidiary through the Proposed Acquisition.

### REASONS FOR THE PROPOSED ACQUISITION

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

The Group recorded net loss of approximately HK\$2.71 million for the nine months ended 30 September 2006 and a cash position of HK\$22.6 million as at 30 June 2006.

The Directors have always been active in seeking investment opportunities, whether or not within the principal line of business of the Company, in order to increase the value of the Company.

The Directors are of the opinion that the fertilizer production industry is in a growing trend with immense potential. According to the China Statistical Year Book 2006, to meet the increasing market demand, the fertilizer production in the PRC increase from approximately 33 million metric tones in 1999 to approximately to 52 million metric tones in 2005. The Directors consider that the organic fertilizer production business is a fast growing industry in the PRC in view of the ongoing development of the agricultural industry in the PRC and the increasing emphasis of environmental protection by the PRC Government. In view of the above and the Profit Guarantee provided by the Vendor, the Directors consider that the Proposed Acquisition provide an excellent opportunity for the development of future business of the Group and a stable income stream for the Group. The Directors consider that the Proposed Acquisition represents a good opportunity for the Group to diversify the existing business into a new line of business with significant growth potential.

The technology of converting organic wastes into organic fertilizer applied by the Target Group in the production of organic fertilizer is unique in the fertilizer industry in the PRC. The Directors are of the view that such technology uniqueness would enable the Target Group to enjoy competitive edge over other competitor in the fertilizer industry in the PRC. Moreover, the Directors are of the view that such technology of converting organic wastes into organic fertilizer applied by the Subsidiary in the production of its products serves as a solution for the environmental and ecological problems in the PRC and hence would induce additional business opportunities for the Target Group.

The Vendor and the management team of the Subsidiary have been engaged in the research and development of the unique technology applied by the Target Group for over ten years. Prior to the establishment of the Subsidiary, the Vendor and the management team of the Subsidiary have established demonstration farms in the PRC for the research and development of the unique technology applied by the Target Group and hence have already established long term relationships with local farmers in the PRC. The Directors are of the view that such long established relationships with the farmers will serve to develop a solid customer base for the distribution of organic fertilizer business of the Target Group.

Furthermore, the Subsidiary has entered into sole distribution agreements with distribution agents in the PRC for the sole distribution of the Target Group's products in Shanxi Province and Shandong Province, the PRC.

Although the Company has no previous experience in managing organic fertilizer production business, the Company will retain the existing management team of the Subsidiary, including the Vendor, to manage the organic fertilizer production business after the Completion.

For the aforesaid reasons, the Directors believe that the Proposed Acquisition would further enhance the future growth of the Group in order to maximise returns to the Shareholders.

Taking into account the benefits of the Proposed Acquisition, the Board is of the view that the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

The Company will continue its existing information technology related business along with the new fertilizer production business.

## **GEM LISTING RULES IMPLICATIONS**

The Proposed Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules and is subject to the approval of the Shareholders at the EGM. A circular containing, among other matters, further details of the Proposed Acquisition and a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 5 February 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 12 February 2007.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks 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
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the MOU or the Formal Agreement, as the case may be
“Consideration Shares”	135,750,000 new Shares to be allotted and issued by the Company at Issue Price as part consideration for the Proposed Acquisition
“Deposit”	the deposit of HK\$5,000,000 in cash paid by the Purchaser to the Vendor at the time of entering into of the MOU
“Director(s)”	the director(s), including the independent non-executive directors, of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Proposed Acquisition

“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and Purchaser in respect of the Proposed Acquisition
“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 People’s Republic of China
“Independent Third Party”	third party independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Issue Price”	the issue price of HK\$0.125 per Consideration Share
“MOU”	the conditional legally binding MOU dated 2 February 2007 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Share and the Sale Loan
“PRC”	the People’s Republic of China
“Profit Guarantee”	the profit guarantee provided by the Vendor under the MOU in respect of the audited net consolidated profits after tax and any extraordinary or exceptional items of the Target for the year ending 31 December 2007 will not be less than HK\$5 million
“Proposed Acquisition”	the proposed acquisition of the Sale Share and the Sale Loan by the Purchaser as contemplated under the MOU
“Promissory Note”	the promissory note to be executed by the Purchaser in the favour of the Vendor for the purpose of settling partially the consideration for the Sale Share and the Sale Loan under the MOU
“Purchaser”	Rise Assets Limited, a wholly owned subsidiary of the Company
“Sale Share”	one ordinary share of US\$1.00 each in the issued share capital of the Target, representing the entire issued share capital of the Target
“Sale Loan”	all obligation, indebtedness and liabilities due, owing or incurred by the Target to the Vendor as at Completion, whether actual, contingent or deferred and irrespective whether or not the same is due and payable on Completion, which amounted to approximately HK\$4.53 million as at the date of the MOU
“Shareholders”	holders of the Shares

“Shares”	ordinary shares of HK\$0.05 each in the capital of the Company
“Sky Rich”	Sky Rich Investments Limited, a company incorporated in Hong Kong and is wholly and beneficially owned by the Target
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	北京世紀江山再生資源技術開發有限公司 (Beijing Shiji Jiangshan Resource Recycling Technology Ltd.)#, an equity joint venture company established in the PRC and will be owned as to 51% of its equity interests by Sky Rich upon the completion of the Target Group Reorganisation
“Target”	Silky Sky Investments Limited, a company incorporated in the British Virgin Islands which is wholly and beneficially owned by the Vendor
“Target Group”	the Target, Sky Rich and the Subsidiary
“Target Group Reorganisation”	the reorganization of the Target Group prior to the Completion in such approved manner as the Purchaser agree and Target will indirectly own 51% of the equity interest of the Subsidiary upon the completion of the reorganization
“Vendor”	Yang Pei Gen
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board  
**KANHAN TECHNOLOGIES GROUP LIMITED**  
**Ma She Shing, Albert**  
*Chairman*

Hong Kong, 9 February 2007

*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. Hsu Shiu Foo, William, Mr. Lee Kun Hung and Mr. Kwok Chi Sun, Vincent.*

*# The English transliteration of the Chinese names in this announcement, where indicated, is included for information purpose only and should not be regarded as the official English names of such Chinese names.*

*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.*