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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)

ENTERING INTO OF THE FORMAL AGREEMENT

The Board is pleased to announce that the Formal Agreement in respect of the Proposed Acquisition has been entered into between the Vendor and the Purchaser on 21 March 2007.

Pursuant to the Formal Agreement, the Vendor has agreed to provide such warranties concerning the issued share capital, corporate power, accounts, taxation, litigation and other business matters of the Target Group. In addition, the Vendor and the Purchaser have agreed to extend the long-stop date for fulfillment of the conditions from 120 days from the date of the MOU to 150 days from the date of the MOU. Furthermore, according to the Formal Agreement, the Vendor and the Purchaser have agreed to amend the way of settlement of the total consideration of HK\$61,000,000 for the Sale Shares and the Sale Loan.

Save as disclosed, the terms and conditions contained in the Formal Agreement are consistent with the terms and conditions contained in the MOU. The Directors (including the independent non-executive Directors) consider such additional terms contained in the Formal Agreement are fair and reasonable and are in the interests of the Shareholders and the Company as a whole.

The Board would also like to inform the Shareholders that as at the date of this announcement, the transfer of 24% equity interests in the Subsidiary by Sky Rich to Fortune Pacific Limited, as part of the Target Group Reorganisation, has been completed.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 9 February 2007 in relation to the major transaction involving 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 Announcement.

* *for identification only*

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Pursuant to the Formal Agreement, the Vendor has agreed to provide such warranties concerning the issued share capital, corporate power, accounts, taxation, litigation and other business matters of the Target Group. In addition, the Vendor and the Purchaser have agreed to extend the long-stop date for fulfillment of the conditions from 120 days from the date of the MOU to 150 days from the date of the MOU.

Furthermore, according to the Formal Agreement, the Vendor and the Purchaser have agreed to amend the way of settlement of the total consideration of HK\$61,000,000 for the Sale Shares and the Sale Loan by the Purchaser in the following manner:

- (i) as to HK\$5,000,000 (the “**MOU Deposit**”) in cash paid at the time of the entering into of the MOU;
- (ii) as to HK\$15,000,000 (together with the MOU Deposit as the “**Deposit**”) in cash payable within three days from the date 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 the balance HK\$24,031,250 by issuing the Promissory Note to the Vendor.

In the event that Completion does not take place as stipulated due to breach of 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 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 that Completion does not take place as stipulated and that is not due to breach of 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 and/or the Formal Agreement.

Save as disclosed, the terms and conditions contained in the Formal Agreement are consistent with the terms and conditions contained in the MOU. The Directors (including the independent non-executive Directors) consider additional terms contained in the Formal Agreement are fair and reasonable and are in the interests of the Shareholders and the Company as a whole.

The Board would also like to inform the Shareholders that as at the date of this announcement, the transfer of 24% equity interests in the Subsidiary by Sky Rich to Fortune Pacific Limited, as part of the Target Group Reorganisation, has been completed.

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

Hong Kong, 21 March 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.

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.