FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 —— Name and Address of Company:

Hanfeng Evergreen Inc.
8 King Street East, Suite 838
Toronto, Ontario M5C 1B5

ITEM 2 —— Date of Material Change:

January 16, 2006

ITEM 3 —— News Release:

January 17, 2006 via Canada News Wire

ITEM 4 —— Summary of Material Change:
Hanfeng Evergreen Inc. has entered into an agreement to acquire from a China state-owned fertilizer enterprise all assets related to a 100,000 tonnes per annum NPK (nitrogen, phosphate, potassium) fertilizer plant located in the economic zone of Shangzhi City, Heilongjiang province, and two slow-release fertilizer patents. Hanfeng will fund the purchase price of 120 million RMB (CDN$ 17.4 million) with proceeds from the disposition of Hanfeng's Eco-nursery in Dalian and remaining nursery inventories, with the balance provided from cash on hand. Both transactions are expected to close within the first quarter of 2006. This acquisition fast-tracks Hanfeng's expansion plan as a leader in China's value-added fertilizer industry and is expected to be accretive to earnings.

ITEM 5 —— Full Description of Material Change:

Please see the attached Schedule "A" which is incorporated by reference.

ITEM 6 —— Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

n/a

ITEM 7 —— Omitted Information:

n/a

ITEM 8 —— Executive Officers:

Kim Oishi
President
Tel: (416) 368-8588
Fax: (416) 368-5688

DATED this 23rd day of January, 2006

SCHEDULE "A"

Hanfeng Evergreen Inc.

www.hanfengevergreen.com

FOR IMMEDIATE RELEASE **TSX Symbol: HF**

TORONTO, January 17, 2006 – Hanfeng Evergreen Inc. is pleased to announce that it has entered into an agreement to acquire from a China state-owned fertilizer enterprise all assets related to a 100,000 tonnes per annum NPK (nitrogen, phosphate, potassium) fertilizer plant located in the economic zone of Shangzhi City, Heilongjiang province, and two slow-release fertilizer patents. Hanfeng will fund the purchase price of 120 million RMB (CDN$ 17.4 million) with proceeds from the disposition of Hanfeng's Eco-nursery in Dalian and remaining nursery inventories, with the balance provided from cash on hand. Both transactions are expected to close within the first quarter of 2006. This acquisition fast-tracks Hanfeng's expansion plan as a leader in China's value-added fertilizer industry and is expected to be accretive to earnings.

The state-of-the-art Heilongjiang NPK plant uses advanced urea melting granulation technology and produces high quality compound NPK homogenous granules. It commenced operations in early 2005 and has an existing customer base and distribution network. Hanfeng has the option of retaining existing management, key technical staff and sales people.

The acquisition also includes newly developed proprietary urease inhibitor slow release technology and UF (urea formaldehyde) technology, both under China patent protection, which can add slow release qualities to the NPK products.

Pursuant to the acquisition, Hanfeng will own land use rights for the 26 acre site for 49 years, which provides Hanfeng excess land and infrastructure for potential expansion.

"We are excited by the opportunity to fast-track our fertilizer expansion through this acquisition. There are very few large-scale value-added fertilizer plants of this quality available in China. We were able to get this deal mainly because of the significant support from the local government," said Mr. Xinduo Yu, Chairman and CEO of Hanfeng. "We can access China's agricultural market in the China-East region with our plants in Jiangsu, and in the Northeast region from our new base in Heilongjiang."

At full capacity the 100,000 tonne Heilongjiang NPK plant is expected to generate earnings greater than Hanfeng's total nursery earnings in 2005. The high-quality NPK products produced at the Heilongjiang NPK plant currently sell for between 2,200 RMB (CDN$ 320) and 2,600 RMB (CDN$ 380) per tonne, depending mainly on the ratio of nutrients. If further value is added to the NPK products by applying the slow-release technology, it is expected that they could garner a premium price. The plant is estimated to have a payback period of less than four years, not including any contribution from the slow-release technology.

Hanfeng has also entered into an agreement to sell its Eco-nursery assets in Dalian, China and all remaining nursery inventories to a private nursery company from Beijing for gross proceeds of 65 million RMB (CDN$ 9.4 million, representing a premium to book value.

The acquisition of the Heilongjiang NPK plant and the disposition of the Eco-nursery are consistent with Hanfeng's strategy of allocating an increasing percentage of resources to the value-added fertilizer business. After ten years of building its foundations in the landscape and nursery business, Hanfeng believes that the specialty fertilizer business can provide a superior return on investment. Increasing competition has been reducing margins in the landscaping and nursery business.

SCHEDULE "A"

"Our nursery and landscaping businesses have been funding our expansion in the fertilizer business," continued Mr. Yu, "Our growth strategy will focus on the value-added fertilizer business as it has better prospects of providing long term growth. This business has greater requirements for capital, technology, management expertise, and China market expertise, all core competencies of Hanfeng."

The following table summarizes Hanfeng's current schedule for the expansion of fertilizer production including estimated production start dates:

	Annual Production Capacity	Production Start Date
Shanghai blending plant	20,000 tonnes	April 29, 2004
Jiangsu SCU plant	100,000 tonnes	End of first quarter in 2006
Jiangsu NPK plant	100,000 tonnes	End of second quarter in 2006
Heilongjiang NPK plant	100,000 tonnes	Within the first quarter in 2006
Total	320,000 tonnes	

The 320,000 tonnes per annum production capacity set out above is fully funded. The Shanghai blending plant produces products mostly for the urban greening market with a 2005 average price of approximately RMB 4,000 (CDN$ 580) per tonne and gross margin of over 30%. The products from the new fertilizer plants are mostly for the agricultural market with expected selling prices ranging from RMB 2,000 (CDN$ 290) to RMB 2,800 (CDN$ 400) per tonne, depending mainly on the ratio of nutrients. While the agricultural market is expected to generate much larger sales volumes than the urban greening market, the gross margin for the agricultural market is expected to be lower due to more price sensitive customers.

Hanfeng already has an order for 20,000 tonnes per annum of SCU for three years from a major Jiangsu fertilizer company, and has written expressions of interest for approximately 50,000 tonnes of compound NPK for delivery in 2006. The Heilongjiang NPK plant has existing customers and sales staff that will be combined with Hanfeng's Heilongjiang based sales team. The Shanghai blending plant sold its 20,000 tonnes of capacity in 2005 and expects to have similar orders for 2006.

Due to lack of historical operating results for the new fertilizer plants, Hanfeng will not provide earnings guidance for 2006 at this time. In 2006, Hanfeng does not expect to generate significant revenues in its nursery business, since all nursery assets have been allocated to the value-added fertilizer business. Hanfeng is considering its plans for landscaping in 2006 and will adjust its landscaping work plan based on the expected return on investment compared with further opportunities in value-added fertilizers.

While China is the world's largest consumer and producer of conventional fertilizers, its value-added fertilizer industry is still at an early stage of development. China's domestic fertilizer industry is fragmented with numerous small regional producers, many operating out-dated and inefficient equipment. There is very little domestic production of slow release fertilizers and high quality NPK fertilizers. Imported value-added fertilizers are too expensive to penetrate the China market to any significant extent.

Hanfeng plans to build additional plants in Heilongjiang and Jiangsu using an optimal combination of debt and equity funding, while exploring other regions of China for expansion.

A CONFERENCE CALL TO DISCUSS THE ACQUISITION, DISPOSITION AND UPDATED FERTILIZER STRATEGY WILL BE HELD at 2:00pm (EST), Wednesday, January 18, 2006.

DATE: January 18, 2006

TIME: 2:00 pm EST

SCHEDULE "A"

DIAL IN NUMBER:	1-866-891-6590 or 416-476-8589
TAPED REPLAY:	1 800 937 6305 (available for 30 days)
TAPED REPLAY PASS CODE:	782269
WEBCAST:	A live audio webcast of the call will be available at www.hanfengevergreen.com and will be archived for 90 days.

About Hanfeng Evergreen
Hanfeng is positioned to be a leading provider of value-added fertilizer in China's fertilizer market for the urban greening and agricultural markets. Headquartered in Toronto, Canada and with operations in Shanghai, Dalian, and Jiangsu, China, Hanfeng has its own value-added fertilizer production facilities in China and also imports products sourced from leading North American and European suppliers of fertilizers and horticultural products.

This press release contains forward-looking statements based on current expectations. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risks and uncertainties about Hanfeng's business are more fully discussed in the company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada.

-30-

For more information, please contact:
Kim Oishi
President
Hanfeng Evergreen Inc.
Phone: (416) 368-8588
Fax: (416) 368-5688
Info@hanfengevergreen.com