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GP NanoTechnology Group Limited
廣平納米科技集團有限公司*
(Incorporated in Bermuda with limited liability)

CLARIFICATION ANNOUNCEMENT

This announcement is to clarify the Articles appeared in recent newspapers in relation to the Company.

As the Proposed Project may or may not take place, shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.

The directors of GP NanoTechnology Group Limited (the “Company”) refer to the recent newspaper articles (the “Articles”) which reported the details regarding, among others, the signing of a letter of intent between the Company, Nano Material Application Engineering Technology Centre For ZheJiang Province (浙江省納米材料應用工程技術中心) and Hisun China Group Company Limited (弘生集團有限公司) to set up a joint venture company (“New JV”) (the “Proposed Project”), and the spin-off of the New JV. Both of Nano Material Application Engineering Technology Centre For ZheJiang Province (浙江省納米材料應用工程技術中心) and Hisun China Group Company Limited (弘生集團有限公司) are independent third parties and are not connected with any of the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their respective associates as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchanges (the “GEM Listing Rules”)

The Directors of the Company (the “Directors”) confirmed that, on 30 July 2002, the Company had entered into a letter of intent with Nano Material Application Engineering Technology Centre For ZheJiang Province (浙江省納米材料應用工程技術中心) and Hisun China Group Company Limited (弘生集團有限公司) to set up the

New JV in September 2002 with a total investment of RMB 40 million (the “Letter of Intent”). Pursuant to the Letter of Intent, major terms such as total capital commitment and shareholding structure of each party as well as the New JV’ place of incorporation will be determined after further negotiations between the parties and the Letter of Intent is non-legally binding.

The Directors confirmed that although the Proposed Project has not been set out in the Company’s prospectus dated 9th July, 2001 under the section headed “Business Objectives”, the New JV is set up to develop new nanomaterials to be used in the textile industry and is in line with the principal business of the Company of engaging in the manufacture and sale of nanomaterials to be used in different industrial application. The Directors do not intend to finance the Proposed Project from the proceeds of placing during its initial public offer in July 2001. The Directors intended to finance the Proposed Project from (1) resource generated from its operations and (2) external financing including but not limited to bank financing. The Directors have no present intention to finance the Proposed project through issue of new shares of the Company.

Regarding the statement “The Company will arrange the capital injection under different stages in cash basis and Nano Material Application Engineering Technology Centre For ZheJiang Province (浙江省納米材料應用工程技術中心) will provide the technical know-how for development” as mentioned in the Articles, the Directors would like to clarify that as at the date of this announcement, no major terms under the Letter of Intent such as the total capital commitment, shareholding structure and the place of incorporation have been reached by the parties.

The Directors also confirmed that (1) they have no immediate plan for the spin-off of the New JV and (2) have not disclosed any tentative timetable of, or given any opinion regarding the spin-off of the New JV as mentioned in the Articles.

The Directors are of the opinion that should the Proposed Project being to proceed, it may constitute a discloseable transaction of the Company under the GEM Listing Rules. The Company will notify the Stock Exchanged immediately and the transaction will be conducted in full compliance with the requirements of the GEM Listing Rules.

As the Proposed Project may or may not take place, shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Chow Chun Kwong
Executive Director

Hong Kong, 2nd August 2002

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 for the purpose of giving information with regard to the Company. The directors of the Company, 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 the page of “Latest Company Announcements” on the GEM website for at least 7 days from the date of its posting and on the Company’s website at www.gpnano.com.

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