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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)

BUSINESS UPDATES

Summary

This announcement is made to update certain information contained in the Company's announcement dated 10 October 2003 in relation to a loan for the sum of HK\$4 million obtained from a finance company.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made to update certain information contained in the Company's announcement dated 10 October 2003 (the "**Announcement**"), in particular in relation to a loan (the "**Loan**") for the sum of HK\$4 million obtained from a finance company for a term of 3 months repayable on 1 December 2003.

Pursuant to the Company's announcement dated 10 October 2003, the Company had acquired a loan from a finance company for the said sum of HK\$4 million on 1 September 2003 for the use as general working capital of the Company. The Loan is for a fixed term of 3 months expiring 1 December 2003 repayable on expiry or demand with an interest rate of 2.5% per month and has been secured by a floating charge over the Group's entire undertakings. However, on 29 October 2003, the finance company had served a formal letter of demand to the Company demanding repayment of the Loan by 5:00pm on 30 October 2003.

Meanwhile, the Directors are negotiating with the finance company for an extension or deferred payment. In addition, the Directors are seeking other fund raising opportunities to solve the immediate liquidity problem faced by the Company. In the short term, if the Group could not obtain other sources of funds, the Group will continue to experience net cash flow problem.

The Directors confirm that there is no other material information to be brought to the attention of the shareholders. Further announcement will be made to update the progress on the negotiation of the extension of the Loan.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board

Fung Chiu

Chairman

Hong Kong, 29 October 2003

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 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.gpnano.com.

** For identification purpose only*