



THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the “Exchange”)

8 June 2006

The GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “GEM Listing Committee”) censures the following parties for breaching the GEM Listing Rules:

- 1. GP NanoTechnology Group Limited (the “Company”)*;**
- 2. Mr Fung Chiu, an executive director of the Company (“Mr Fung”);**
- 3. Mr Chiang Chi Kin, Stephen, a former executive director of the Company resigned effective 12 May 2004 (“Mr Chiang”);**
- 4. Mr Ong Hong Hoon, a former executive director of the Company resigned effective 28 February 2005 (“Mr Ong”); and**
- 5. Mr Chow Chun Kwong, a former executive director of the Company resigned effective 28 February 2005 (“Mr Chow”).**

Further, the GEM Listing Committee criticises the following parties for breaching the GEM Listing Rules:

- 1. Mr Lian En Sheng, an executive director of the Company (“Mr Lian”); and**
- 2. Mr Siu Siu Ling, Robert, an independent non-executive director of the Company (“Mr Siu”).**

On 10 May 2005, the GEM Listing Committee conducted a hearing into a possible breach by the Company of its obligation under Rule 17.11 of the GEM Listing Rules and by Mr Fung, Mr Chiang, Mr Ong, Mr Chow, Mr Lian and Mr Siu (collectively, the “Parties Concerned”) of the Director’s Declaration, Undertaking and Acknowledgement given by a director of listed issuer to the Exchange in the form set out in Appendix 6A of the GEM Listing Rules (the “Director’s Undertaking”).

Relevant Provisions of the GEM Listing Rules

Under Rule 17.11 of the GEM Listing Rules, the Company should respond promptly to any enquiries made to it by the Exchange.

The Parties Concerned are required under the Director’s Undertaking, among other things, to use their best endeavours to procure that the Company should comply with the GEM Listing Rules and to co-operate in any investigation conducted by the Listing Division.

* The securities of the Company ceased to be listed on the Exchange with effect from 9:30 a.m. on 10 June 2005.

Facts

Because of the following issues which involved the Company, the Listing Division had sent numerous letters and faxes since August 2003 seeking information or clarification from the Company:

1. a complaint that the Company's investment at Heilongjiang in the PRC was not genuine;
2. a complaint that the Company's substantial shareholder might have pledged its shares for a \$5.5 million loan;
3. certain events involving the Company might have rendered the Company's standard announcements in relation to substantial price/volume change misleading;
4. the Company's lack of announcements in relation to its business updates on various matters such as its inquiry of the investment at Heilongjiang and its liquidity problems; and
5. a complaint that a third party who advanced a loan of \$4 million to the Company might have been connected to the Company.

The Company explained that the failure to respond in a timely fashion or at all to the Division's query letters and faxes during the period August to December 2003 was due to the fact that the human resources were tight and that the Company was engaged in dealing with voluntary conditional cash offer made by Right Field Holdings Limited on 19 August 2003 for the entire issued share capital of the Company.

The Company stated in its letter dated 6 September 2004 that the Parties Concerned were aware of the Division's query letters and faxes during the period August to December 2003.

As at 28 January 2005, the Division still required certain information/documents from the Company, Mr Fung, Mr Ong and Mr Chow for the Division's assessment of the other issues of this case.

Conclusion of the GEM Listing Committee

The GEM Listing Committee concluded as follows:

1. The Company breached Rule 17.11 of the GEM Listing Rules;
2. Each of the Parties Concerned breached the Director's Undertaking;
3. The breach of the Director's Undertaking by Mr Fung was wilful and/or persistent; and
4. The retention of office by Mr Fung is prejudicial to the interests of the investors.

The GEM Listing Committee decided to impose the following sanctions on the Company and the Parties Concerned:

- a public censure on the Company for its breach of Rule 17.11 of the GEM Listing Rules;
- a public censure on Mr Fung, Mr Chiang, Mr Ong and Mr Chow for their respective breaches of the Director's Undertaking; and
- a public statement which involves criticism on Mr Lian and Mr Siu for their respective breaches of the Director's Undertaking.

The GEM Listing Committee was minded to impose a public statement under Rule 3.10(7) of the GEM Listing Rules on Mr Fung that in the Exchange's opinion, the retention of office by Mr Fung is prejudicial to the interest of investors by reason of the wilful or persistent failure to discharge his responsibilities under the Director's Undertaking. However, in light of the fact that the securities of the Company are no longer listed on the Exchange, the GEM Listing Committee is of the view that imposition of such sanction on Mr Fung is not appropriate in those terms.

Richard Williams, Head of Listing, said: "An important element of the undertaking given by directors of listed companies to the Exchange on listing or on appointment as a director is the agreement to co-operate with any enquiries or investigation pursued by the Committee or Listing Division. This covenant underpins the contractual arrangements by which the Exchange seeks to regulate listed companies.

The Exchange is becoming increasingly concerned with the level of co-operation it receives from the directors of some listed issuers and has growing experience of non-existent or tardy response to enquiries that have been made by the Listing Division. It is vital that Directors honour that pledge and a failure to do so will be viewed in a very serious light.

It is likely that this topic will become a thematic issue for disciplinary action before the Listing Committee.

Further, the listing rules for both Main Board and the Growth Enterprise Market require that the Exchange be satisfied as to the character, experience and integrity of the directors. The conduct of Mr Fung referred to in this press release is a cause for serious regulatory concern as to his willingness to perform his obligations. His conduct gives rise to serious doubt and a rebuttable presumption that he would not be able to satisfy the standard referred to should he be nominated to act as a director of a listed company in the future. However, clearly a final determination of this question can only be made with the benefit of all relevant information at that point in time."