

**GP NANOTECHNOLOGY GROUP LTD:
THE COMPANY IS SUFFERING A CASH-CRUNCH**

GP NanoTechnology Group Ltd (Code: 8152, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) is in deep financial trouble.

Of that, there appears to be no question in the minds of those who are owed money by this GEM company.

Following on from **TARGET**'s exclusive report of May 14, 2003 (Please see [TARGET Intelligence Report, Volume V, Number 89](#)), Shenyin Wanguo Capital (Hongkong) Ltd (Code: 218, Main Board, The Stock Exchange of Hongkong Ltd) has issued a claim against this company for a little more than \$HK615,000.

According to Action Number 2863, filed in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), GP NanoTechnology appointed Shenyin Wanguo Capital as a Sponsor of the company from July 2001 until December 31, 2003.

The appointment letter to Shenyin Wanguo Capital followed GP NanoTechnology obtaining a listing on The GEM.

According to a purported agreement, entered into between GP NanoTechnology and Shenyin Wanguo Capital, GP NanoTechnology agreed to pay to Shenyin Wanguo Capital an annual fee of \$HK1 million, *'payable quarterly in advance by four instalments of HK\$250,000.00 each ...'* (Paragraph 4 of the Statement of Claim, attached to the Writ of Summons)

Paragraphs 7, 8 and 9, then, continue:

'7. In breach of the Agreement, the Defendant (GP NanoTechnology) failed to pay the Fees of the Plaintiff (Shenyin Wanguo Capital) for the period from 1st January 2002 to 30th September 2002 in the total sum of HK\$750,000.00 as agreed. Upon repeated demands from the Plaintiff (including but not limited to a letter dated 11th October 2002 from the Plaintiff's solicitors to the Defendant), the Defendant paid the said sum of HK\$750,000.00 to the Plaintiff.

'8. However, the Fees of the Plaintiff for the period from 1st October 2002 to 31st March 2003 in the sum of HK\$500,000.00 were not paid by the Defendant to the Plaintiff according to the terms and conditions of the Agreement. Despite repeated demands from the Plaintiff (including but not limited to a reminder notice dated 3rd April 2003), the Defendant failed and/or neglected and/or refused to pay the said sum of HK\$500,000.00 to the Plaintiff or any part thereof.

'9. The failure or neglect on the part of the Defendant to pay the Fees of the Plaintiff constitutes a material breach of the terms and conditions of the Agreement and the Plaintiff is entitled to terminate the Agreement ...'.

Shenyin Wanguo Capital is, now, claiming its fees for the period October 1, 2002 to March 31, 2003 in the total amount of \$HK500,000 plus fees for the period April 1, 2003 to May 12, 2003 of another \$HK115,384.62. (Paragraph 11)

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