

NANOPAC INNOVATION LTD

ARBN 168 591 848

31 HIGHGATE CCT, KELLYVILLE, NSW, 2155, AUSTRALIA

11 June 2015

National Stock Exchange of Australia Ltd

PO BOX 283

Newcastle NSW 2300

Dear Sirs

NANOPAC INNOVATION LTD - NNO - CHAIRMAN'S ADDRESS to

Please see attached Chairmans Address delivered at today's Annual General Meeting.

Yours Faithfully

A handwritten signature in dark ink, appearing to read 'A Bristow', written over the printed name.

Andrew Bristow

Secretary

Nanopac Innovation Ltd

Nanopac Innovation Limited

Overview 2015

Review of performance

The Group recorded a revenue of USD1.580 million with profit before taxation of USD3.028 million for the financial period ended 31 December 2014.

The increase in revenue was mainly due to growing demand in nano-technology products of the renewable energy segment during the financial year.

With the successful listing of FSE and NSX, fund raising exercise and utilisation of funds raised for the construction of Nano Solar Factory and Nano Valley projects will be the main focus of the Group for the next five (5) years.

Current year prospects

Solar industry has been identified by the Malaysian Government as a key growth sector and ambitious plans have been undertaken to develop Malaysian companies in this field. This would create more business opportunities for the Group. With the enthusiastic government drive in the solar panel development, the Group believe that they will be able to benefit from the growing demand albeit stiff challenges are expected. On top of this, Malaysian government has just announced new budget allocation of US\$5 billion (RM15 billion) for green technology initiatives and incentive programs to private sectors.

The Group intends to further explore in the solar panel industry and benefits from the new government incentives, recruits more engineers and develops solar production facilities. For this purpose, the Group had regrouped an existing company, Nanopac (M) Sdn Bhd that specialised in the nano-technology to enhance the Group's ability to secure and execute future projects.

Notwithstanding the opportunity in nano-technology, the Group has diversified its business into renewable energy by producing a new generation solar panel. The Group is entering a negotiation for a Renewable Energy Power Purchase Agreement with the national electricity board, Tenaga Nasional Berhad ("TNB") for the sale and delivery of 500KW solar renewable energy using the Group's new technology for a concession period of 20 years.

Nanopac is also realigning its business strategy along the current Malaysia Government Renewable Energy Policy. Sustainable Energy Development Authority Malaysia (SEDA) is expected to announce and open up more Feed-in-Tariff (FiT) quotas in the coming year and Nanopac shall continue to bid in SEDA Malaysia's FiT tender and grow its current proposed solar power generation plant from 500KW to maximum limit allowed by individual company.

Additionally, the Group has also entered into a business agreement with Nanotechnology Malaysia to build & construct a 500KW Solar Plant for the generation of green electricity.

Solar photovoltaic ("PV") – Located near the equator, Malaysia has consistent sunlight all year around, making it suitable for solar PV application.

Business Direction and Prospects (2015-2020)

It is the intended direction of the Group to diversify into the new business segment of solar panel using our newly developed technology, whereby the Intangible assets were acquired by Nanopac under the Assets, which include the existing key personnel who possess the necessary expertise to manage the solar business, and the existing established business network and customer base that can provide Nanopac an immediate access to the solar panel business. The equipment acquired by Nanopac under the Assets will be used for the operation of the solar panel industry.

The Management of Nanopac believes that solar power is one of the most rapidly growing renewable energy sources in the world, whereby high growth is expected to be coming from Asia due the various government initiative programs.

The Management of Nanopac is of the opinion that the prospect of the renewable energy business is positive as solar power generation has several advantages over other forms of electricity generation, such as:

- Reduced dependence on fossil fuels – Solar power electricity generation does not consume fossil fuels and therefore, increases in solar power generation reduces dependence on fossil fuels.
- Environmental advantages – Solar power is pollution free and therefore has less impact on the environment as compared to other forms of electricity production.
- Modularity and scalability – As the electricity generating capacity of a solar system is a function of the number of solar modules installed, applications of solar technology are rapidly scalable and versatile.
- Flexible locations – Solar power production facilities can be installed where grid connection or fuel transport is difficult, costly or impossible, and the installation of power production and facilities at the customer site reduces investment in production and transportation infrastructure.

In addition, the Group's new solar technology has better advantages as compared to the existing solar panel technology.

Nanopac's latest solar technology is different from the conventional systems. The solar cell produced is made from non-toxic materials and the cost of production is lower, which is estimated to be less than half the price of the conventional silicon solar cell. Furthermore, the new solar power system adopts energy-saving technology, which is very different from the conventional solar systems. The new solar system also utilizes artificial light technology; therefore the system is able to generate electricity with artificial light, such as fluorescent lighting, therefore providing longer hours of electricity generation.

Another major different feature of the new solar cell compared to the conventional one is the new solar cells is made of glass panels that can be retrofitted into glass windows or into the home and building interior design concept. This will save space and remove the requisite land cost to house the solar farm. All the system needs are buildings; the vast swathes of glass windows around urban buildings embedded with new solar cells will turn the whole cities into big generators.

Besides focusing on the Renewable energy sector, the Group is also committed to the latest development concept of "Nano Valley". The group has recently launched the official ground breaking of "Nano Valley".

Nano Valley is the future direction of Nanopac. Nano Valley is a concept where it will house 20 top world-class Nanotechnology companies and form the complete value chain in the Nanotechnology development. One of the unique concept of Nano Valley is to build all the companies in Nano Valley into a potentially line up for IPO in New York Stock Exchange (NYSE). The construction of Nano Valley will consist of 3 phases and it is expected to complete in 5 years' time. Once completed, Nano Valley will attract at least US\$300 million foreign investments and create 10,000 jobs for the next 3 years. The technologies and Intellectual Properties brought into Nano Valley will be from US, Germany, UK, Japan, Korea and China