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Kanstar Environmental Paper Products Holdings Limited

建星環保紙品控股有限公司 *

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8011)

ANNOUNCEMENT

We have noted today's increases in the price and trading volume of the shares of Kanstar Environmental Paper Products Holdings Limited (the "Company") and wish to state that we are not aware of any reasons for such increases.

Save as disclosed in the announcement of the Company dated 13 June 2006 in respect of the discloseable transaction of the Company, we confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapter 19 and 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board of the Company, the Directors of which collectively and individually accept responsibility for the accuracy of this announcement.

By Order of the Board
Kanstar Environmental Paper Products Holdings Limited
Sun Tak Keung
Director

Hong Kong, 23 August 2006

As at the date of this announcement, Mr. Chim Kim Kiu, Jacky, Mr. Ip Kai Cheong, Mr. Li Gang, Mr. Sun Tak Keung and Mr. Cheng Kwok Hing, Andy are executive Directors, Mr. Chan Chi Hung, Anthony, Mr. Wan Hon Keung and Mr. Wang Ai Guo are the independent non-executive Directors.

This announcement, for which the directors of the Company (the "Directors") 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, 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 assumptions that are fair and reasonable.

The announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least seven days from its publication.

* For identification only