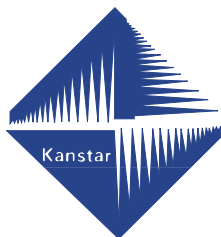


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Kanstar Environmental Technology Holdings Limited

建星環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

The Directors of the Company (the “Directors”) wish to clarify statements made in the press articles appearing in a number of newspaper on 11th July, 2002.

Such statement appeared in the Articles was based on management estimate and not audited or reviewed by the sponsor of the Company (the “Sponsor”) and the reporting accountants and does not constitute a profit forecast. Investors are strongly advised to ignore such information stated in the Articles. The Company and the Sponsor caution prospective investors to place reliance on the information as contained in the Prospectus.

With reference to the prospectus of the Company dated 5th July, 2002 (the “Prospectus”) and the press articles (the “Articles”) appearing in a number of newspapers on 11th July, 2002 reporting certain information about the Company during the press conference (the “Press Conference”) held on 10th July, 2002 in relation to the Proposed Listing, the Directors wish to clarify that despite that Mr. Ip Kai Cheong and Mr. Li Gang, executive directors of the Company, have indicated in the Press Conference that the Group expects to record a net profit by the end of this financial year and has secured orders for 2,000 tonnes of paper filling materials and 3,000 to 4,000 tonnes of pulp and paper, no profit forecast is included in the Prospectus and the Directors had not provided any forecast regarding turnover and profit of the Company for the year ending 31st December, 2002.

Such statement appeared in the Articles was based on management estimate and not audited or reviewed by the Sponsor and the reporting accountants and does not constitute a profit forecast. Investors are strongly advised to ignore such information stated in the Articles. The Company and the Sponsor caution prospective investors to place reliance on the information as contained in the Prospectus.

By order of the board
CHIM Kim Kiu, Jacky
Chairman

Hong Kong, 11th July, 2002

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 for at least 7 days from the date of its posting.