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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 HIGH CONCENTRATION OF SHAREHOLDINGS

This announcement is made at the request of the Stock Exchange to provide information to the public in respect of high concentration of the shareholdings of the Company in the hands of a small number of shareholders as at 17 August 2004.

As at 17 August 2004, Siko Venture Limited, a company wholly owned by Mr. Jacky Chim, the Chairman and the managing director of the Company, was interested in 3,000 million Shares, representing 75% of the total issued share capital of the Company, while an aggregate 220 million Shares and approximately 586.27 million Shares, representing approximately 5.5% and 14.7% of the total issued share capital of the Company, respectively, were held by two companies wholly owned by Mr. Chim Pui Chung (the father of Mr. Jacky Chim) and ten other Shareholders, respectively. Accordingly, only approximately 4.8% of the total issued share capital of the Company were held by the other Shareholders.

Shareholders and the public are advised to exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to provide information to the public in respect of high concentration of the shareholdings of Kanstar Environmental Paper Products Holdings Limited (the “**Company**”) in the hands of a small number of shareholders (“**Shareholders**”) of the Company as at 17 August 2004.

The Company has been informed by the Stock Exchange on 15 October 2004 that on the basis of information provided by the Securities and Futures Commission:

- (1) as at 17 August 2004, Siko Venture Limited, a company wholly owned by Mr. Chim Kim Kiu, Jacky (“**Mr. Jacky Chim**”), the Chairman and the managing director of the Company, was interested in 3,000 million shares (the “**Shares**”) in the share capital of the Company, representing 75% of the total issued share capital of the Company;
- (2) as at 17 August 2004, an aggregate 220 million Shares and approximately 586.27 million Shares, representing approximately 5.5% and 14.7% of the total issued share capital of the Company, respectively, were held by two companies wholly owned by Mr. Chim Pui Chung (the father of Mr. Jacky Chim) and ten other Shareholders, respectively.

- (3) accordingly, the aggregate shareholdings of the Shareholders as referred to in paragraphs (1) and (2) above represented 95.2% of the total issued share capital of the Company, leaving only approximately 4.8% of the issued share capital of the Company in the hands of other Shareholders.

So far as the board of Directors is aware after reviewing the register of members of the Company, only two shareholders (other than HKSCC Nominees Limited), namely Siko Venture Limited (the investment holding company of Mr. Jacky Chim) and an individual (who is independent from, and not connected with, any of the Directors, chief executive, substantial Shareholders and management Shareholders (both within the meaning of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange (the “**GEM Listing Rules**”)) of the Company and its subsidiaries and their respective associates) were holding their interests in the Shares under their own names. As all other Shareholders were holding their Shares through participants of the Central Clearing and Settlement Systems, the identities of these Shareholders and their respective shareholdings in the Company could not be identified by the Company. The Directors confirm that, apart from his family relationship with Mr. Jacky Chim and his shareholding interests in the Company, Mr. Chim Pui Chung is independent from and not connected with the Company and its board of Directors.

The Company will make a further announcement on the finding of the investigation to be made by the Company under section 329 of the Securities and Futures Ordinance.

Shareholders and the public are advised to exercise extreme caution when dealing in the Shares.

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

By order of the board of Directors of
Kanstar Environmental Paper Products Holdings Limited
Ip Kai Cheong
Director

Hong Kong, 20 October 2004

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.

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