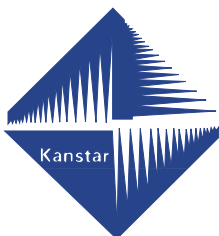


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Kanstar Environmental Technology Holdings Limited

建星環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**LISTING ON THE
GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF PLACING**

Number of Placing Shares	:	200,000,000 Shares comprising 160,000,000 New Shares and 40,000,000 Sale Shares, (subject to Over-allotment Option)
Placing Price	:	HK\$0.20 per Share
Nominal value	:	HK\$0.01 each
Board lot	:	10,000 Shares
GEM Stock Code	:	8011

Sponsor



South China Capital Limited

Financial Adviser and Lead Manager

Watterson Asia Limited

Co-Lead Manager



KINGSTON SECURITIES LIMITED

Co-Managers

South China Securities Limited

**Hung Sing Securities Limited
Sanfull Securities Limited**

**Luen Fat Securities Company Limited
Sun Growth Securities Limited**

**Mayfair Securities Limited
Partners Capital International Limited**

The Placing Shares were placed to professional, institutional and other individual investors and were fully subscribed. The placees are independent of and not connected with any of the Directors, chief executive, substantial shareholders or initial management shareholders of the Company or associates of any of them. In addition, no order has been received from the Sponsor, any of the underwriters or their respective associates in respect of the Placing Shares.

The Company has granted the Over-allotment Option to the Underwriters, exercisable by Watterson Asia at any time within 30 days from the date of the Prospectus, to require the Company to allot and issue at the Placing Price up to an aggregate of 30,000,000 additional Shares, representing 15% of the number of the Placing Shares initially available under the Placing. As at the date of this announcement, the Over-allotment Option has not been exercised by Watterson Asia.

Immediately following the Placing, the Company will have a public float of 25% of the enlarged issued share capital of the Company.

Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Friday, 12 July 2002.

Unless defined otherwise, terms used in this announcement shall have the same respective meanings as defined in the prospectus of the Company dated 5 July 2002 (the "Prospectus").

LEVEL OF INTEREST

The 200,000,000 Placing Shares (comprising 160,000,000 New Shares and 40,000,000 Sale Shares) have been conditionally allocated in full to 105 professional, institutional and other individual investors and were fully subscribed. The placees are independent of and not connected with any of the Directors, chief executive, substantial shareholders or initial management shareholders of the Company or associates of any of them and no Placing Shares have been placed to any parties or group of persons as specified in Rule 10.12(4) of the GEM Listing Rules.

RESULTS OF ALLOCATION

Pursuant to the Placing, the 200,000,000 Placing Shares will be held by a total of 105 placees as follows:

Number of Placing Shares	Number of placees
10,000 – 100,000	83
100,001 – 500,000	2
500,001 – 1,000,000	1
1,000,001 – 5,000,000	5
5,000,001 – 10,000,000	9
10,000,001 – 20,000,000	4
20,000,001 or above	1
	<hr/>
Total	105

The following table sets out the distribution of the 200,000,000 Placing Shares:

	Aggregate number of Placing Shares held	Approximate percentage of the Placing Shares	Approximate percentage of shareholding immediately after the completion of the Placing (assuming the Over-allotment Option is not exercised)
Top placee	25,000,000	12.50%	3.13%
Top 5 placees	99,500,000	49.75%	12.44%
Top 10 placees	148,500,000	74.25%	18.56%
Top 25 placees	197,140,000	98.57%	24.64%

The investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Shareholders and potential investors are advised to exercise extreme caution when dealing with the Shares.

OVER-ALLOTMENT OPTION

The Company has granted the Over-allotment Option to the Underwriters, exercisable by Watterson Asia at any time within 30 days from the date of the Prospectus, to require the Company to allot and issue at the Placing Price up to an aggregate of 30,000,000 additional Shares, representing 15% of the number of Placing Shares initially available under the Placing to cover over-allocations to professional, institutional and other individual investors in the Placing. As at the date of this announcement, the Over-allotment Option has not been exercised by Watterson Asia. If the Over-allotment Option is exercised, a separate announcement will be made.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its issued share capital at all times immediately after the listing of the Shares on GEM. Immediately following the Placing but without taking into account the Shares which may be issued under the over-allotment Option, the Company will have a public float of 25% of the enlarged issued share capital of the Company.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

The share certificates for the Placing Shares will be issued in the name of HKSCC Nominees Limited and deposited into CCASS on Wednesday, 10 July 2002 for credit to the respective CCASS participants' stock accounts designated by the Underwriters, the placees or their agents, as the case may be, before dealings in the Shares on GEM are to commence. No temporary documents of title will be issued.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Friday, 12 July 2002.

By order of the board
Kanstar Environmental Technology Holdings Limited
CHIM Kim Kiu, Jacky
Chairman

Hong Kong, 9 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 and assumptions that are fair and reasonable.

This announcement will appear on the GEM website at www.hkgem.com.