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泛亞環保集團有限公司

Pan Asia Environmental Protection Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 556)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the Group might record a substantial decrease in its consolidated net profit for the financial year ended 31 December 2011 as compared to the consolidated net profit for the corresponding period in 2010.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Pan Asia Environment Protection Group Limited (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

After a preliminary review of the consolidated management accounts of the Group, the board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the Group might record a substantial decrease in its consolidated net profit for the financial year ended 31 December 2011 as compared to the consolidated net profit for the corresponding period in 2010.

The Board considers that the decrease in the consolidated net profit for the financial year ended 31 December 2011 was mainly due to the reasons that:

- (i) there was a decrease in the revenue of the Group for the financial year ended 31 December 2011 due to keen competition in the industry;
- (ii) there was a decrease in the gross profit margin of the Group for the financial year ended 31 December 2011 due to keen competition in the industry and increase in cost; and
- (iii) the new business of the Group with respect to the production of wood wool cement boards has not yet generated any revenue for the Group but expenses on the development of such business have been increasingly incurred and booked; however, the Board believes that continuing development of the new business would be rewarding and beneficial to the Group.

The information contained in this announcement is only based on the preliminary review on the consolidated management accounts of the Group, which have not been confirmed nor audited by the Company's auditors.

The Company is in the process of finalizing the results of its continuing operations for the financial year ended 31 December 2011 for audit by its auditors. Details of the Group's performance will be disclosed as and when the results of the Group for its financial year ended 31 December 2011 are announced.

Shareholders and potential investors are advised to exercise caution when dealing in the shares in the Company.

By Order of the Board
Pan Asia Environmental Protection Group Limited
Wan San Fai, Vincent
Company Secretary

Hong Kong
29 February 2012

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. JIANG Quanlong
Mr. JIANG Lei
Mr. FAN Yajun
Mr. GAN Yi

Independent Non-executive Directors:

Mr. LAI Wing Lee
Mr. LEUNG Shu Sun, Sunny
Professor WANG Guozhen