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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 it is expected that the Group will record a material reduction in profits due to the decline in revenue and profit margin for the year ended 31 December 2008 and a loss from the Australian dollars term deposits placed by the Group.

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

This announcement is made by Pan Asia Environmental Protection Group Limited (the “Company”, 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”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on information currently available, it is expected that the Group will record a material reduction in profits arising from the decline in revenue and profit margin for the year ended 31 December 2008, as a result of project delays and the recent downturn in the economy and business environment.

The Board also wishes to inform the Shareholders and potential investors that based on information currently available, it is expected that the Group will record a loss arising from the Australian dollars (“AUD”) term deposits placed by the Group at various time points during the year ended 31 December 2008, as a result of the depreciation of the AUD against Hong Kong dollars. The aggregate amount of AUD deposits currently held by the Group was approximately AUD13,000,000 and the average exchange rate for the deposits was approximately HKD7.3: AUD1.0. The Board expects that the Group will incur a loss of not more than HKD25,000,000 for the year ended 31 December 2008. Such loss was incurred during the six months ended 31 December 2008.

This profit warning announcement is only based on the preliminary assessment of the unaudited management accounts of the Group by the management of the Company, the information currently available and is not based on any figures or information which has been audited or reviewed by the Company’s auditors. The overall financial results of the Group for

the year ended 31 December 2008 will only be ascertained when all these results and financial information are finalized. Details of the Group's performance are expected to be disclosed in the results announcement of the Group in April 2009.

Shareholders of the Company and potential investors should exercise caution when dealing in shares of the Company.

By Order of the Board
Pan Asia Environmental Protection Group Limited
Jiang Quanlong
Chairman

Hong Kong, 12 January 2009

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

Executive Directors:

Mr. JIANG Quanlong

Mr. FAN Yajun

Mr. GAN Yi

Mr. FANG Guohong

Mr. JIANG Lei

Independent non-executive Directors:

Mr. LAI Wing Lee

Mr. LEUNG Shu Sun, Sunny

Professor WANG Guozhen