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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 consolidated net loss for the financial year ended 31 December 2012 as compared to the consolidated net profit for the financial year ended 31 December 2011.

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

This announcement is made by Pan Asia Environmental 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 consolidated net loss for the financial year ended 31 December 2012 as compared to the consolidated net profit for the financial year ended in 31 December 2011.

The Board considers that the consolidated net loss for the financial year ended 31 December 2012 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 2012 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 2012 due to keen competition in the industry and increase in cost; and
- (iii) the new wood wool cement board business just started generating revenue for the Group in the fourth quarter of the financial year 2012, and yet the amount of such revenue was still small as compared to the increasing expenses incurred on development of such business for the whole financial year 2012; however, the Board believes that continuing development of such new business would eventually be rewarding and beneficial to the Group as the revenue is expected to be growing in future.

This profit warning announcement is only based on the preliminary review by the Company’s management on the unaudited consolidated management accounts of the Group.

The Company is still in the process of finalising the annual results of the Group for the financial year ended 31 December 2012. The final financial results of the Group for the financial year ended 31 December 2012 will only be ascertained when all the relevant results are audited by the 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 2012 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, 8 February 2013

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