

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the Group would record a substantial decrease in its unaudited consolidated net profit for the six-month period ended 30 June 2011 as compared to the unaudited 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(1) 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 unaudited consolidated net profit for the six-month period ended 30 June 2011 as compared to the unaudited consolidated net profit for the corresponding period in 2010.

The Board considers that the decrease in the unaudited consolidated net profit for the six-month period ended 30 June 2011 was mainly due to the reasons that:

- (i) a number of projects of the Group regarding the sale of environmental protection products and equipments which would have generated sizable revenue has been completed by 30 June 2011; however, the such projects were only examined and accepted by the customers until July 2011 resulting that the revenue from the sale of such environmental protection products and equipments of the Group was not recognised and reflected in the six-month period ended 30 June 2011 but will be recognised and reflected in the second half of the year;
- (ii) there was a decrease in unaudited gross profit margin of the Group for the six-month period ended 30 June 2011 due to keen competition in the industry; 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 incurred and booked.

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

The Company is in the process of finalizing the interim results of its continuing operations for the six-month period ended 30 June 2011. The overall financial results of the Group for the six-month period ended 30 June 2011 will be ascertained when these results are finalised. Details of the Group's performance will be disclosed in the interim results announcement of the Group before the end of August 2011.

Shareholders of the Company 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
12 August 2011

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