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Pegasus Entertainment Holdings Limited

天馬娛樂控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

UPDATES ON THE PROGRESS OF THE COMPANY'S INVESTMENT IN A MOTION PICTURE

This announcement is made by Pegasus Entertainment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

UPDATES ON THE PROGRESS OF THE COMPANY'S INVESTMENT IN A MOTION PICTURE

Reference is made to the Company's announcement dated 28 January 2013 (the “**Announcement**”) regarding a disclosable transaction. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Group has invested in a motion picture to be produced for worldwide theatrical distribution and tentatively scheduled to be released in year 2014. The Board wishes to inform the shareholders and investors of the Company that on 13 September 2013, Pegasus Motion Pictures and TNC agreed in writing to extend the date for TNC to start Principal Photography of the Picture from 30 November 2013 to 30 April 2014. Consequently, the date before which Pegasus Motion Picture could exercise its rights to seek full recoupment under the Provisional Agreement has been extended from 31 December 2013 to 31 May 2014. In other words, in the event that the Principal Photography of the Picture does not commence by 30 April 2014 or if the production of the Picture is abandoned, Pegasus Motion Pictures is entitled to exercise its rights prior to 31 May 2013 to seek full recoupment of the Investment from another international film as additional security specified in the Provisional Agreement.

The Board has been notified by TNC that (a) the additional time required is mainly due to the change in the tentative director of the Picture; and (b) TNC is currently reviewing several reserved directors and is expecting to confirm the same shortly. The Picture is currently in pre-production stage and the production team commenced negotiation on Bank Financing of the Picture in August 2013. Based on the above information, Principal Photography and worldwide theatrical distribution of the Picture are tentatively scheduled to take place on or before March 2014 and May 2015 respectively.

Save for the above, all the other terms and conditions of the Provisional Agreement have remained unchanged and continue in full force and effect. The Board estimates that the abovementioned changes will not have any material effect on the operating and financial positions of the Group, the financial position and liquidity of the Group remain solid and healthy and there is no material adverse change in the operations of the Group. The Company will continue to provide updates on the Company's business plan.

By order of the Board
Pegasus Entertainment Holdings Limited
Wong Pak Ming
Chairman

Hong Kong, 13 September 2013

As at the date of this announcement, the executive Directors are Mr. Wong Pak Ming, Ms. Wong Yee Kwan Alvina and Mr. Wong Chi Woon Edmond and the independent non-executive Directors are Mr. Lam Kam Tong, Mr. Lo Eric Tien-cheuk and Mr. Tang Kai Kui Terence.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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: (a) the information contained in this announcement is accurate and complete in all material respects and not misleading; (b) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive; and (c) 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 remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least seven days from the date of its posting and on the Company's website (www.pegasusmovie.com).