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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)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the Company's announcement (the "**Announcement**") dated 27 December 2013 relating to the Lease Agreement in relation to the Leased Premises situated at Langham Place, Argyle Street, Kowloon, Hong Kong. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless stated otherwise.

In order to allow the investors and shareholders of the Company to better understand the transactions contemplated under the Lease Agreement, the Board wishes to provide the following additional information regarding the rent (comprising the base rent and the turnover rent) payable by the Group to the Landlord pursuant to the terms and conditions of the Lease Agreement.

BASE RENT

The Tenant shall pay the base rent every calendar month in advance on the first day of each and every calendar month according to the payment schedule set out below with the first payment being paid upon the execution of the Lease Agreement.

Year	Term	Monthly rental
1	23 July 2014 to 22 July 2015	HK\$4,833,333
2	23 July 2015 to 22 July 2016	HK\$4,930,000
3	23 July 2016 to 22 July 2017	HK\$5,028,600
4	23 July 2017 to 22 July 2018	HK\$5,129,172
5	23 July 2018 to 22 July 2019	HK\$5,231,755
6	23 July 2019 to 22 July 2020	HK\$5,336,391
7	23 July 2020 to 22 July 2021	HK\$5,443,118
8	23 July 2021 to 22 July 2022	HK\$5,551,981
9	23 July 2022 to 22 July 2023	HK\$5,663,020
10	23 July 2023 to 22 July 2024	HK\$5,776,281

TURNOVER RENT

In each calendar month the Tenant shall pay the turnover rent which shall be the sum of the following:

- (1) an amount (if any) equivalent to the sum of 38% of the Box Office Takings and 12% of the Merchandize Takings for the relevant month percentage minus the base rent for the relevant month;
- (2) an amount equivalent to 12% of the Concession Takings for the relevant month; and
- (3) an amount equivalent to 38% of the Screen Advertising Takings for the relevant month.

The turnover rent in respect of any calendar month shall be paid in arrears by the Tenant for the month in question on or before the 15th day of the immediately following calendar month. The Lease Agreement has also provided for an adjustment mechanism for the turnover rent paid by the Tenant to the Landlord based on the actual audited amount of Box Office Takings, Merchandize Takings, Concession Takings and Screen Advertising Takings.

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

Hong Kong, 2 January 2014

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; 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 Announcement” 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).