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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 announcements dated 28 January 2013 and 13 September 2013 respectively (the “**Announcements**”) regarding a disclosable transaction. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the Group has invested in a motion picture to be produced for worldwide theatrical distribution and tentatively scheduled to be released on or before May 2015. The Board wishes to inform the shareholders and investors of the Company that on 28 January 2014, Pegasus Motion Pictures and TNC agreed in writing to further extend the date for TNC to start Principal Photography of the Picture from 30 April 2014 to 31 August 2014. In addition, due to the extension of time, the agreed amount of recoupment to which Pegasus Motion Picture is entitled upon the commencement of Principal Photography of the Picture or upon the close of Bank Financing, whichever is earlier, has also been increased.

The Board has been notified by TNC that due to a re-write of the script, Principal Photography will need to be postponed. Based on the above information, Principal Photography and worldwide theatrical distribution of the Picture are tentatively scheduled to take place on or before 31 August 2014 and November 2015 respectively.

Save for the above, all the other terms and conditions of the Provisional Agreement (as amended by an agreement dated 13 September 2013) 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, 28 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 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).