Pegasus Entertainment Holdings Limited
天馬影視文化控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8039)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Growth Enterprise Market ("GEM") has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the "Directors") of Pegasus Entertainment Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Group (as defined below) reported a profit attributable to owners of the Company of approximately HK$26.4 million for the year ended 30 June 2014, an increase of approximately HK$7.3 million or 37.8% when compared to the corresponding year 2013. The increase was mainly due to the increase in share of results of an associate and the overall favorable operation results of the Group.

- The Group recorded revenue of approximately HK$134.8 million for the year ended 30 June 2014, a decrease of approximately HK$57.8 million or 30.0% when compared to the corresponding year 2013.

- Gross profit margin for the year ended 30 June 2014 was approximately 44.3% which translates into gross profit of approximately HK$59.7 million, when compared to approximately 33.9% of the corresponding year 2013. The increase was mainly due to the production of more general-scale films with higher gross profit margin for the year ended 30 June 2014.

- The Group's net assets and net current assets as at 30 June 2014 reached HK$291.3 million and HK$203.2 million respectively, of which approximately HK$47.8 million were bank balances and cash.

- The Board (as defined below) does not recommend the payment of final dividend for the year ended 30 June 2014.

RESULTS

The board of directors of the Company (the "Board") is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Revenue	*4*	**134,788**	192,645
Cost of sales		**(75,064)**	(127,362)
Gross profit		**59,724**	65,283
Other income and gain		**3,532**	974
Selling and distribution expenses		**(15,033)**	(21,794)
Administrative expenses		**(22,112)**	(16,976)
Finance costs	*6*	**(103)**	(53)
Other expenses		**–**	(3,806)
Share of results of an associate		**4,661**	–
Profit before tax		**30,669**	23,628
Income tax expense	*7*	**(4,283)**	(4,484)
Profit for the year	*8*	**26,386**	19,144
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
Share of exchange difference of an associate		**(23)**	–
Profit and total comprehensive income for the year attributable to owners of the Company		**26,363**	19,144
Earnings per share			
Basic (HK cents)	*9*	**5.6**	5.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**1,363**	1,839
Interest in an associate		**58,638**	–
Prepayment to an artiste		**24,000**	30,000
Available-for-sale investment		**4,056**	–
Deferred tax asset		**–**	99
		88,057	31,938
Current assets			
Film rights		**25,357**	33,241
Film production in progress		**56,002**	26,668
Investments in film/drama production		**29,530**	35,577
Trade and other receivables	*10*	**35,400**	24,274
Prepayment to an artiste		**11,000**	10,000
Rental deposit		**18,712**	–
Tax recoverable		**–**	35
Pledged bank deposit		**30,173**	30,055
Bank balances and cash		**17,633**	29,973
		223,807	189,823
Current liabilities			
Trade and other payables	*11*	**6,621**	7,850
Receipts in advance		**9,061**	9,251
Amounts due to related companies		**510**	3,335
Tax payable		**4,368**	7,405
		20,560	27,841
Net current assets		**203,247**	161,982
Total assets less current liabilities		**291,304**	193,920
Capital and reserves			
Share capital	*12*	**4,800**	4,000
Reserves		**286,476**	189,920
Total equity		**291,276**	193,920
Non-current liability			
Deferred tax liability		**28**	–
		291,304	193,920

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to owners of the Company						
	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000* *(Note)*	Exchange reserve *HK$'000*	Warrants reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 July 2012	10	–	–	–	–	41,081	41,091
Profit and total comprehensive income for the year	–	–	–	–	–	19,144	19,144
Arising on Reorganisation	(10)	–	10	–	–	–	–
Issue of shares upon the loan capitalisation	–	50,000	–	–	–	–	50,000
Issue of shares upon capitalisation issue	3,000	(3,000)	–	–	–	–	–
Issue of new shares	1,000	89,000	–	–	–	–	90,000
Cost of issuing new shares	–	(6,315)	–	–	–	–	(6,315)
At 30 June 2013	4,000	129,685	10	–	–	60,225	193,920
Profit for the year	–	–	–	–	–	26,386	26,386
Share of exchange difference of an associate	–	–	–	(23)	–	–	(23)
Profit and total comprehensive income for the year	–	–	–	(23)	–	26,386	26,363
Issue of new shares	800	71,200	–	–	–	–	72,000
Cost of issuing new shares	–	(1,717)	–	–	–	–	(1,717)
Issue of warrants	–	–	–	–	960	–	960
Cost of issuing warrants	–	–	–	–	(250)	–	(250)
At 30 June 2014	4,800	199,168	10	(23)	710	86,611	291,276

Note: Other reserve represents the difference between the aggregate nominal value of the respective share capital of the companies now comprising the subsidiaries of the Company over the nominal value of the shares of the Company issued pursuant to the group reorganisation completed on 5 October 2012 to rationalise the structure of the Group in preparation for the listing of the Company's shares on the GEM of the Stock Exchange (the "Listing").

NOTES TO THE FINAL RESULTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 8 March 2012 and its shares have been listed on the GEM of the Stock Exchange since 31 October 2012. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands and its principal place of business is located at Rooms 1801-2, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong. Its immediate and ultimate holding company is Honour Grace Limited ("Honour Grace"), a company incorporated in the British Virgin Islands.

The Company is an investment holding company. The Group is principally engaged in films and television ("TV") series production, distribution and licensing of film rights.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the annual audited financial statements for the year ended 30 June 2013 and the adoption of the new accounting policy "Investment in an associate" as described in the following, except in relation to the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the consolidated financial statements.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective, the Group is in the process of accessing their impact on the Group's results and financial position.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

New and revised standards, interpretation and amendments applied in the current year

Adoption of new accounting policy "Investment in an associate":

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate of the Group profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the current year, the Group has applied the following new and revised amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of these new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int – 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. The directors assess the application of HKFRS 10 and conclude that the Group has had control over the investee which are consolidated into the consolidated financial statements before the application of HKFRS 10. Accordingly, the application of the adoption of HKFRS 10 has had no material impact on the amounts reported in these consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. The application of the adoption of HKFRS 12 has additional disclosure in these consolidated financial statements which will be detailed in the full set of these consolidated financial statements to be published in the annual report of the Company.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The directors assess the application of HKFRS 13 and conclude that no additional disclosure is required in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised standards, interpretations and amendments issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[7]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2016
7 Effective for annual periods beginning on or after 1 January 2017

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

4. REVENUE

	2014 HK$'000	2013 HK$'000
Film production, distribution and licensing income	**126,861**	190,218
Advertising income	**5,180**	453
Service income	**2,747**	1,974
	134,788	192,645

5. SEGMENT INFORMATION

The Group identifies operating segments on the basis of internal reports about components of the Group that are regularly reviewed by the Directors, the chief operating decision makers ("CODM") in order to allocate resources to the segments and to assess their performance.

The Group is principally engaged in films and TV series production, distribution and licensing of film rights in Hong Kong, the People's Republic of China (the "PRC"), South East Asia Region, Europe and the United States of America. Information reported to the CODM for the purpose of resources allocation and performance assessment focus on the Group's films and TV series production, distribution and licensing of film rights as a whole as the Group's resources are integrated. Accordingly, the Group has only one single operating segment – films and TV series production, distribution and licensing of film rights and no further analysis of this single segment is presented.

Segment profit represents the gross profit of the Group without allocation of other income and gain, selling and distribution expenses, administrative expenses, finance costs and other expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

As the Group's segment assets and liabilities are not regularly provided to the Group's CODM, the relevant analysis for both years is not presented.

Geographical information

An analysis of the Group's revenue from external customers by geographical market based on where the film distribution and licensing income is derived from is as below:

	2014 HK$'000	2013 HK$'000
Hong Kong and Macau	**29,523**	31,883
The PRC	**68,793**	129,175
South East Asia Region	**9,671**	12,201
Others	**26,801**	19,386
	134,788	192,645

The Group's non-current assets are located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**–**	95,100
Customer B	**50,426**	–

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank overdraft	**103**	18
Interest on bank borrowings wholly repayable within five years	**–**	35
	103	53

7. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
The income tax expense comprises:		
Hong Kong Profits Tax		
– current	**4,311**	4,703
– under (over) provision in prior years	**4**	(537)
	4,315	4,166
PRC Enterprise Income Tax ("EIT")		
– current	**117**	417
– overprovision in prior years	**(276)**	–
	(159)	417
	4,156	4,583
Deferred taxation	**127**	(99)
	4,283	4,484

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

8. PROFIT FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**3,600**	4,070
Other staff costs	**6,560**	4,783
Retirement benefit scheme contributions, excluding those of Directors	**430**	356
Total staff costs	**10,590**	9,209
Auditors' remuneration	**995**	768
Depreciation of property, plant and equipment	**629**	475
Cost of film rights recognised as an expense	**75,064**	127,362
Minimum lease payments under operating leases	**1,529**	1,354
Listing expenses (included in other expenses)	**–**	3,806
and after crediting:		
Bank interest income	**201**	136
Net exchange gain	**202**	100
Investment income from investments in film/drama production (included in other income and gain)	**2,257**	–

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**26,386**	19,144
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**469,780,822**	365,794,114

The computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of shares for the year ended 30 June 2014.

No diluted earnings per share were presented for the year ended 30 June 2013 as there were no potential ordinary shares outstanding.

10. TRADE AND OTHER RECEIVABLES

The aged analysis of the Group's trade receivables, net of allowance for doubtful debts, based on the invoice date at the end of the reporting periods is as follows:

	2014	2013
	HK$'000	*HK$'000*
Trade receivables:		
0 – 30 days	**4,725**	10,794
31 – 60 days	**–**	402
61 – 90 days	**1,436**	2,438
91 – 180 days	**555**	420
181 – 365 days	**2,400**	3,496
Over 365 days	**1,829**	–
	10,945	17,550
Other receivables, deposits and prepayments *(note 1)*	**2,601**	6,724
Other deposits and prepayments for cinema operation *(note 2)*	**6,104**	–
Prepayment for investment in TV series production *(note 3)*	**15,750**	–
	35,400	24,274

Generally no credit period is granted to the Group's customers. Distribution and licensing fee from distributors in Hong Kong, the PRC and overseas countries are normally settled upon delivery of film negatives to them. On a case-by-case basis, one to two months of credit period may be granted to its customers.

These trade receivables relate to a number of independent customers that have a good repayment history. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$6,220,000 (2013: HK$6,354,000) as at 30 June 2014 which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral or credit enhancements over these balances.

Aging of trade receivables which are past due but not impaired:

	2014	2013
	HK$'000	*HK$'000*
61 – 90 days	**1,436**	2,438
91 – 180 days	**555**	420
181 – 365 days	**2,400**	3,496
Over 365 days	**1,829**	–
	6,220	6,354

The management of the Company believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit risk and the balances are still considered fully recoverable.

Notes:

(1) Included in other receivables, deposits and prepayments is prepayment of HK$503,000 (2013: HK$6,210,000) which the Group paid to an independent third party in the PRC on behalf of one of the PRC co-producers of a film production in progress for film production purpose in which the amount is unsecured, interest free and repayable on demand.

(2) The amounts represent advance payment of the first monthly base rent and other deposits and prepayments of the lease of HK$5,417,000 and deposits paid for renovations of the lease of HK$687,000.

(3) Amount represents prepayment paid to an independent third party in the PRC for the investment in TV series production in the PRC in which the production of TV series is not yet commenced at 30 June 2014. Based on the supplemental investment agreement, the prepayment will be fully refunded to the Group if the production of TV series does not commence on or before the end of October 2014 and therefore, the amount is classified as current asset at 30 June 2014.

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Other payables and accruals	**3,621**	6,600
Deposits received *(note)*	**3,000**	1,250
	6,621	7,850

Note:

Deposits received represent deposits received from a cinema circuit operator in Hong Kong for a film to be theatrical release in Hong Kong.

12. SHARE CAPITAL

	Number of shares	**Share Capital**
		HK$'000
Ordinary shares of HK$0.01 each:		
Authorised		
On 1 July 2012 *(note i)*	38,000,000	380
Increase in authorised share capital *(note ii)*	7,962,000,000	79,620
At 30 June 2013 and 2014	8,000,000,000	80,000
Issued and fully paid:		
At 1 July 2012 *(note i)*	1	–
Issued pursuant to Reorganisation *(note iii)*	9,999	–
Issued upon the loan capitalisation *(note iv)*	100	–
Issue of shares upon capitalisation issue *(note v)*	299,989,900	3,000
Issue of new shares *(note vi)*	100,000,000	1,000
At 30 June 2013	400,000,000	4,000
Issue of new shares *(note vii)*	80,000,000	800
At 30 June 2014	**480,000,000**	**4,800**

Notes:

(i) The Company was incorporated on 8 March 2012 with an authorised share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each and one nil-paid subscriber share at par value of HK$0.01 was issued to Codan Trust Company (Cayman) Limited. The share was transferred to Mr. Wong Pak Ming ("Mr. Wong") on the same day. On 15 March 2012, the one nil-paid subscriber share was transferred from Mr. Wong to Honour Grace.

(ii) Pursuant to the written resolutions of the then sole shareholder of the Company passed on 5 October 2012, the authorised share capital of the Company was increased from HK$380,000 to HK$80,000,000 by the creation of a further 7,962,000,000 ordinary shares with a nominal value of HK$0.01 each.

(iii) On 5 October 2012, the Company acquired the entire issued share capital of Green Riches Holdings Limited ("Green Riches") from Honour Grace in consideration of which the Company allotted and issued 9,999 shares to Honour Grace and credited as fully paid at par the one nil-paid subscriber share then held by Honour Grace. After the share transfer, Green Riches became a wholly-owned subsidiary of the Company.

(iv) On 5 October 2012, the Directors were authorised to capitalise a loan due by the Company to Mr. Wong, in an aggregate sum of HK$50,000,000 by the allotment and issue of 100 shares to Honour Grace (at the direction of Mr. Wong) at an aggregate subscription price of HK$50,000,000.

(v) On 31 October 2012, the Company capitalised an amount of HK$2,999,899 standing to the credit of its share premium account to allot and issue 299,989,900 shares credited as fully paid to Honour Grace.

(vi) On 31 October 2012, the Company issued 100,000,000 shares pursuant to the Listing by way of placing at a price of HK$0.90 per share.

(vii) On 6 August 2013 and 30 October 2013, the Company issued 70,000,000 new shares and 10,000,000 new shares, respectively, at a price of HK$0.90 per new share. The aggregate gross proceeds and net proceeds from the issuance of new shares are approximately HK$72,000,000 and HK$70,283,000, respectively.

Warrants:

On 13 November 2013, the Company entered into a warrant placing agreement with a placing agent pursuant to which the placing agent agreed to place up to 96,000,000 warrants conferring rights to subscribe for 96,000,000 warrant shares at the warrant exercise price of HK$0.93 per warrant shares (subject to adjustment) to not less than six warrant placees.

At 30 June 2014, the Company had outstanding 96,000,000 warrants to be exercised at any time on or before 11 December 2016. Exercise in full of such warrants would result in the issue of approximately 96,000,000 additional ordinary shares of HK$0.01 each.

13. RELATED PARTY DISCLOSURES

(I) Transactions

(i) During the year, the Group entered into the following significant transactions with related parties:

Name of related parties	*Notes*	Nature of transaction	**2014** **HK$'000**	2013 *HK$'000*
PM Motion Pictures Limited	*(a)*	Service income	**2,747**	1,974
Pegasus Laboratory (International) Limited ("Pegasus Laboratory")	*(b)*	Film processing services fee	**634**	2,211
Pure Project Limited	*(c)*	Rental expense	**450**	360
Chili Advertising & Promotions Limited ("Chili")	*(d)*	Advertising and promotion services fee	**1,205**	1,304
天馬影聯影視文化（北京）有限公司 ("Pegasus Ying Lian")	*(e)*	Management fee	**227**	221
杭州天馬影視文化有限公司 ("Hangzhou Pegasus")	*(f)*	Management fee	**151**	148
EC Production House	*(g)*	Script writing fee	**–**	800

Notes:

(a) The service income was received from PM Motion Pictures Limited for the Group's provision of film distribution services. Mr. Wong, Ms. Wong Yee Kwan Alvina and Mr. Wong Chi Woon Edmond, all being the Directors, (collectively referred as to the "Controlling Shareholders") collectively have controlling interest over this company.

(b) The film processing services fee was paid to Pegasus Laboratory in which it is beneficiary owned by a company collectively controlled by the Controlling Shareholders at 30 June 2013 and 2014.

(c) The rental expenses was paid to Pure Project Limited for the office premise leased by the Group. Mr. Wong has controlling interests in Pure Project Limited.

(d) The advertising and promotion services fee was paid to Chili in which Mr. Lam Sze Ho, Owen, the spouse of Ms. Wong Yee Kwan Alvina, has controlling interest in Chili for the period from 1 July 2011 to 15 April 2013. From 16 April 2013 onward, Chili was owned by Ms. Wong Kit Fong, the sister of Mr. Wong.

(e) The management fee was paid to Pegasus Ying Lian in which a member of the key management of the Group had controlling interest up to May 2014. From May 2014 onward, Mr. Wong has controlling interest.

(f) The management fee was paid to Hangzhou Pegasus in which a member of the key management of the Group has controlling interest.

(g) The script writing fee was paid to EC Production House in which Mr. Wong Chi Woon Edmond has controlling interest.

(ii) During the year ended 30 June 2013, the Company acquired a subsidiary, Pegasus Motion Pictures Investment Limited, from Mr. Wong at a consideration of HK$1.00.

(II) Balances

Details of the amounts due to related companies are set out in the consolidated statement of financial position.

(III) Compensation of key management personnel

The remuneration of Directors and other key management personnel of the Group during the year was as follows:

	2014	2013
	HK$'000	*HK$'000*
Salaries and other allowances	**5,411**	5,005
Others*	**–**	800
Retirement benefit scheme contributions	**96**	109
	5,507	5,914

* Others represented script writing fee paid to EC Production House in which Mr. Wong Chi Woon Edmond has controlling interest.

The remuneration of Directors and key executives is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into the following significant transactions:

(i) By the Company's announcement dated 22 August 2014, the Company announced that a Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 8 July 2014 evidencing the change of the Company's dual foreign name from "天馬娛樂控股有限公司" to "天馬影視文化控股有限公司". The Company had completed the necessary filing procedures with the Companies Registry in Hong Kong and received the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Companies Registry in Hong Kong on 18 August 2014.

(ii) On 25 August 2014, the Company entered into a placing agreement pursuant to which the Company had conditionally agreed to place a maximum of 50,000,000 new shares to not fewer than six placees at the placing price of HK$1.26 per share. On 12 September 2014, 50,000,000 placing shares were issued and allotted at the price of HK$1.26 each.

DIVIDEND

No dividend was paid or proposed for the year ended 30 June 2014, nor has any dividend been proposed since the end of the reporting year (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in films and TV series production, distribution and licensing of film rights in Hong Kong, the PRC and South East Asia through its established distribution channels. The Group has been producing films and TV series in Chinese language with the PRC as its major market.

During the year under review, the principal business activities of the Group comprised (a) production of films and TV series; (b) distribution and licensing of the Group's films to regions including Asia, Latin America, the United States of America and Europe in addition to its major markets of Hong Kong, the PRC and South East Asia; (c) offering product placement and sponsorship opportunities in the Group's films to derive advertising income; and (d) distribution of films and TV series in the film library owned by the Group's controlling shareholders (the "Personal Library"). The Group's business model and the principal business activities during the year under review remain the same as those disclosed in the Company's prospectus dated 9 October 2012 (the "Prospectus") and the previous annual report of 2013. In addition to the current business activities, the Group's film exhibition and post-production businesses will be launched in the following financial year.

During the year under review, the Group generated revenue by licensing films it produced to co-producers and distributors in the PRC as well as film distributors and licencees in Hong Kong and overseas. The Group also derived advertising income by offering product placement and sponsorship opportunities in its films. In addition, the Group recognised income from commission received for distributing films and TV series in the Personal Library.

The Group released three films, namely "Baby Blues" (詭嬰), "Hello Babies" (六福喜事) and "Z Storm" (Z風暴), during the year ended 30 June 2014. In the preceding year, three films, namely "Love is... Pyjamas" (男人如衣服), "Hotel Deluxe" (百星酒店) and "Saving General Yang" (忠烈楊家將), were released. During the year under review, the Group invested in several PRC TV drama and animations programme produced for distribution and broadcasting in the PRC and successfully procured a ten-year lease for the cinema situated in Langham Place commencing from July 2014 for development of the Group's film distribution business to include exhibition. In addition, the Group completed the acquisition of 40% equity interests in Jade Dynasty Holdings Limited ("JDH") on 22 November 2013 whereby JDH and its subsidiaries (the "JDH Group") are principally engaged in comic publication. The JDH Group also owns the intellectual property rights of a database of comic stories and heroes that are suitable for reproduction in films and TV programme as well as for the development into online and mobile games. This associate had positively contributed to the Group's results during the year under review.

As disclosed in the Prospectus and the reports published during the year under review, due to the limited number of films distributed by the Group, the scale, schedule of release and the result of one film could have significant impact on the Group's results. Given the distinctive business model of the Group, the Group's quarterly and interim financial results may not be indicative of the Group's financial results of a full year and the Group's financial performance would fluctuate from period to period.

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.

Financial review

Revenue

Revenue and gross profit of the Group were approximately HK$134.8 million and HK$59.7 million respectively for the year ended 30 June 2014, representing decreases of approximately HK$57.8 million or 30.0% and HK$5.6 million or 8.5% respectively compared to the previous financial year. This was mainly due to the fact that all the films released during the year under review were of general-scale, whilst during the corresponding period in 2013, the group had released a large-scale film namely "Saving General Yang"(忠烈楊家將). This film alone accounted for approximately 64.2% of the total revenue for the corresponding period in 2013. Moreover, all the films released during the year under review are wholly-owned by the Group, whilst one of the films released during the corresponding period in 2013, namely "Love is… Pyjamas"(男人如衣服), is jointly controlled by the Group and the PRC co-producer. Under such arrangement, revenue relating to "Love is… Pyjamas"(男人如衣服) was recognised based on the income and expenses derived in respect of the Group's share of the distribution rights. Due to the above, the Group recorded a decrease of revenue of approximately HK$63.4 million. Meanwhile, revenue from film advertising and sponsorship attributable to the Group increased by more than 10 times to approximately HK$5.2 million.

Gross profit margin for the year ended 30 June 2014 was approximately 44.3%, which showed a significant increase from that of approximately 33.9% for the previous financial year. This was mainly due to the Group production of more general-scale films during the year under review as opposed to large-scale films. Due to the relatively large costs involved, larger scale production inherently has a lower gross profit margin.

Other Income and Gain

Other income and gain was approximately HK$3.5 million for the year ended 30 June 2014, representing an increase of approximately HK$2.5 million or 262.6% compared to the previous financial year. This was mainly due to the investment income from investments in film/drama production of certain PRC TV drama and animations programme distributed by independent PRC production houses of approximately HK$2.3 million recorded for the year ended 30 June 2014, whilst no such income was recognised in the previous financial year.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately HK$6.8 million, representing a decrease of about 31.0% from approximately HK$21.8 million for the year ended 30 June 2013 to approximately HK$15.0 million for the year ended 30 June 2014. This was mainly because additional costs on advertising and promotion events were incurred relating to the release of the large-scale film in the previous financial year, whilst no such costs were recorded for the year ended 30 June 2014 as all of the films released were of general-scale.

Administrative Expenses

Administrative expenses increased by approximately HK$5.1 million or 30.3% from approximately HK$17.0 million for the year ended 30 June 2013 to approximately HK$22.1 million for the year ended 30 June 2014. This was mainly due to the increase of the total staff costs by approximately HK$2.2 million as a result of (a) a change of arrangement to the directors' remuneration structure in respect of the Listing, as disclosed in the Prospectus; (b) the average number of employees increasing from 27 for the year ended 30 June 2013 to 29 for the year ended 30 June 2014; and (c) a general increase of the overall remuneration of employee by approximately 5%. Moreover, the expansion of company scale and corporate image development also contributed to increases in administrative expenses, including approximately HK$2.4 million in relation to corporate promotion and marketing expenses as well as other professional fees paid to lawyers and other professional parties for providing professional services for several corporate actions during the year under review.

Share of Results of an Associate

During the year under review, the Group completed the acquisition of 40% of the equity interest of JDH on 22 November 2013. Since 23 November 2013, the operation of the JDH Group had contributed approximately HK$4.7 million to the Group, which were generated by the comics publication and licensing of its database of comic stories and comics heroes for film and TV series development as well as related merchandising products.

As disclosed in the Company's announcement dated 15 November 2013, the requirement of net profits guaranteed by the vendor of this acquisition as stipulated to the purchase agreement has been fulfilled.

Other Expenses

Other expenses represented the professional fees and expenses directly relating to the Listing during the previous financial year, whilst no such expenses were recorded during the year under review.

Income Tax Expense

The income tax expense of the Group during the year ended 30 June 2014 amounted to approximately HK$4.3 million (2013: HK$4.5 million) at the effective tax rate, excluding the share of results of an associate which was net of tax, of 16.5% (2013: 19.0%). The effective tax rate during the year under review was mainly attributed by the Hong Kong Profits Tax rate at 16.5% of the estimated assessable profit of the Group for the year under review, whilst the income tax expense of the Group during the previous financial year was adjusted by the non-tax-deductible nature of certain expenses directly relating to the Listing and overprovision of Hong Kong Profits Tax provided in prior years.

Profit for the Year under Review

The Group's profit and total comprehensive income attributable to owners of the Company for the year ended 30 June 2014 amounted to approximately HK$26.4 million (2013: HK$19.1 million). The increase of profit for the year under review compared to the previous financial year was primarily a result of the increase in other income and gain and share of results of an associate and decrease in selling and distribution and other expenses outweighed the decrease in gross profit and increase in administrative expenses as aforementioned.

Outlook

During the year under review, the Group had continued to carry out its business plan as disclosed in the Prospectus. The Group had achieved its business to another milestone following the Listing by taking certain important steps to expand its business from the scope of film production and distribution into a diversified cultural business.

Having established a presence in the PRC film market, the Group has been well positioned as a producer of quality co-productions. The Group is confident in the PRC cultural industry's outlook which is encouraging for industry participants in view of the increasing support from the PRC Government. In order to capture the opportunities offered by the rapid development of the PRC cultural market, the Group will continue to expand its production capacities. Up to the date of this announcement, the Group has completed production of one film, which is being scheduled for screening and has two films in the post-production stage as well as a film currently in shooting stage. All of these films are expected to be released in the following financial year. Currently, scripts of two additional films are awaiting script approvals from the State Administration of Press, Publication, Radio, Film and Television (國家新聞出版廣電總局). The Group is currently in the process of identifying PRC co-producers and production will start in the following financial year.

As aforementioned, the JDH Group had positively contributed to the results of the Group. Apart from its principal business in comics publication, its business will expand so as to make use of its valuable database of comic stories and comics heroes to develop films and TV series as well as the aspect of mobile and online game.

Based on the current status of the renovation work, Cinema City Langham Place, which will be the Group's flagship cinema in Hong Kong, is expected to commence operations in the fourth quarter of 2014. According to the lease agreement for Cinema City Langham Place, a rent-free period for the first four months of approximately HK$19.3 million was offered as compensation for the renovation period during which the cinema is not in operation. In light of the accounting policy adopted by the Group under the applicable accounting standard, such incentive provided by the landlord is treated as a uniform reduction of rental expenses (that is, on a straight-line basis over the lease term). With the lease term having commenced on 23 July 2014, rental expenses will be immediately recognised under the abovementioned accounting treatment. In the meantime, revenue will only be generated once the cinema commence operation in the fourth quarter of 2014 (expected date). As such, it is expected the Group's first quarterly and interim as well as a full financial results of the film exhibition business of the following financial year may be adversely affected. The Group intends to expand its cinema business in Hong Kong and the PRC by virtue of its established brand in the PRC.

In September 2014, the Group established its post-production arm by way of cooperation with a post-production house in Hong Kong to participate in digital media post-production business. The post-production business is currently being set up. The Group believes the in-house post-production arm will enable the Group to better monitor and control its production costs, time and quality of its films which will benefit the Group in terms of improved production efficiency, cost effectiveness as well as providing the flexibility of fine tuning our films.

Looking forward, the Group will continue to focus on its core as well as new businesses to strengthen the integration of its film related businesses and utilise its available resources to capture the opportunities offered by the golden phase of the PRC cultural industry. The Group will also continue to explore business opportunities associated with its core business so as to strengthen its revenue base and maximise the return to the shareholders and the value of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2014, the Group's bank balances and cash amounted to approximately HK$47.8 million (30 June 2013: HK$60.0 million), which are denominated mainly in HK$, United States Dollar ("US$") and Renminbi ("RMB").

As at 30 June 2014, the Group did not have any interest-bearing loans and shareholders' loans (2013: NIL).

The Group had unutilised credit facilities totalling HK$30.0 million as at both 30 June 2013 and 2014. The Group has maintained this general banking facility amounted to HK$30.0 million for flexibility. Up to the date of this announcement, the Group has maintained an additional new general banking facility amounted to HK$5.0 million for flexibility.

As at 30 June 2014, the Group had total non-current assets of approximately HK$88.1 million (30 June 2013: HK$31.9 million), net current assets of approximately HK$203.2 million (30 June 2013: HK$162.0 million) and net assets of approximately HK$291.3 million (30 June 2013: HK$193.9 million). The current ratio of the Group, representing the ratio of current assets over current liabilities, was approximately 10.9 as at 30 June 2014 (30 June 2013: 6.8).

During the year under review, the Group funded its liquidity by the net proceeds from the Listing and placement of new shares and warrants of the Company and resources generated internally. The Group's financial resources are sufficient to support its business and operations. The Group would also consider other financing activities when appropriate business opportunities arise under favourable market conditions.

In September 2014, the Group completed a placing of 50,000,000 new shares at a price of HK$1.26 per share. The gross proceeds and net proceeds from the placing were HK$63.0 million and approximately HK$60.0 million respectively which will be used to strengthen the future film development and general working capital of the Group.

EMPLOYEE INFORMATION

As at 30 June 2014, the Group had 29 employees (30 June 2013: 27). Staff costs, including Directors' remuneration, amounted to approximately HK$10.6 million for the year ended 30 June 2014 (2013: HK$9.2 million, including script writing fee paid to a Director).

The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. The Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefits including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

CHARGE ON ASSETS

The Group's bank deposits of approximately HK$30.1 million and HK$30.2 million as at 30 June 2013 and 2014 respectively, were pledged to secure a general banking facility of HK$30.0 million available to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted mainly in Hong Kong with transactions principally denominated in HK$, US$ and RMB. The monetary assets and liabilities are denominated mainly in HK$, US$ and RMB. Apart from HK$, which is pegged to US$, any significant exchange rate fluctuations of HK$ against RMB may have a financial impact to the Group. During the year under review, there was no significant fluctuation in the exchange rates of these currencies.

The Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its statement of financial position exposure during the year ended 30 June 2014.

CONTINGENT LIABILITIES

As at 30 June 2013 and 2014, the Group did not have any significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 30 June 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. It met all the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 15 of the GEM Listing Rules during the year ended 30 June 2014 save as the deviation as mentioned in the following section headed "Chairman and Chief Executive Officer" in this announcement.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

Chairman and Chief Executive Officer ("CEO")

The Company has not yet adopted A.2.1 of the Code. Under the code provision A.2.1 of the Code, the roles of Chairman and CEO should be separated and would not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

Mr. Wong is the Chairman of the Board and is responsible for the overall strategy planning and policy making of the Group. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to actively participate in the Board's affairs and promoting a culture of openness and debate.

The Company has no such position as the CEO and therefore the daily operation and management of the Company is monitored by the executive Directors as well as the senior management.

The Board is of the view that although there is no CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made all reasonable enquires, all the Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the year ended 30 June 2014.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Altus Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 5 October 2012 effective on 31 October 2012, the date of the Listing, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 30 June 2014 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has three members comprising three independent non-executive Directors, Mr. Lam Kam Tong (Chairman of the Audit Committee), Mr. Lo Eric Tien-cheuk and Mr. Tang Kai Kui Terence, with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The final results of the Group for the year ended 30 June 2014 have been reviewed by the Audit Committee and a meeting of the Audit Committee has been held with the Company's auditors for reviewing the annual results of the Group for the year ended 30 June 2014.

On behalf of the Board
Pegasus Entertainment Holdings Limited
Wong Pak Ming
Chairman

Hong Kong, 18 September 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 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).