PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 676)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

RESULTS

The Board of Directors (the "Directors") of Pegasus International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 with comparative figures for the corresponding period in 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	**2013** ***US$'000***	2012 *US$'000*
Revenue	*3*	**75,121**	96,408
Cost of sales		**(61,573)**	(83,741)
Gross profit		**13,548**	12,667
Other income		**741**	4,137
Selling and distribution costs		**(4,334)**	(5,490)
General and administrative expenses		**(8,412)**	(8,490)
Share of (loss) profit of an associate		**(14)**	108
Interest on bank borrowings wholly repayable within five years		**(1)**	(40)
Profit before tax	*4*	**1,528**	2,892
Tax expense	*5*	**(160)**	(687)
Profit for the year attributable to owners of the Company		**1,368**	2,205
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**690**	710
Reclassification of translation reserve to profit or loss upon disposal of a joint venture		**–**	(103)
		690	607
Items that will not be reclassified subsequently to profit or loss:			
Revaluation increase (decrease) on buildings		**664**	(2,029)
Deferred tax (recognised) reversed on revaluation of buildings		**(166)**	507
Deferred tax liability reversed on disposal of buildings		**–**	95
		498	(1,427)
Other comprehensive income (expense) for the year, net of tax		**1,188**	(820)
Total comprehensive income for the year attributable to owners of the Company		**2,556**	1,385
Earnings per share	*7*		
Basic		**0.19 US cents**	0.30 US cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	NOTES	2013 US$'000	2012 US$'000
Non-current assets			
Property, plant and equipment		**58,265**	57,139
Prepaid lease payments		**5,737**	5,778
Interest in an associate		**587**	681
		64,589	63,598
Current assets			
Inventories		**33,611**	36,677
Trade and other receivables	*8*	**9,050**	11,695
Prepaid lease payments		**184**	176
Held for trading investments		**617**	606
Bank balances and cash		**26,306**	21,902
		69,768	71,056
Current liabilities			
Trade and other payables	*9*	**7,761**	7,514
Unsecured bank borrowings		–	428
Tax payable		**174**	260
		7,935	8,202
Net current assets		**61,833**	62,854
		126,422	126,452
Capital and reserves			
Share capital		**9,428**	9,428
Share premium and reserves		**113,857**	114,128
Total equity		**123,285**	123,556
Non-current liability			
Deferred tax liabilities		**3,137**	2,896
		126,422	126,452

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies set out in Note 3 to the annual report. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year.

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 the 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.

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 (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised 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.

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

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
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]
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.

The directors anticipate that the application of the new and revised HKFRSs upon their respective effective date will have no material impact on the Group's consolidated financial statements.

3. Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision maker of the Group, being the Group's chief executive officer, regularly reviews the revenue and operating results analysis by geographical market based on destination of the goods shipped or delivered, irrespective of the origin of the goods. The Group's operating segments determined based on location of geographical markets are North America, Asia, Europe and other regions. However, the chief operating decision maker does not regularly review the assets and liabilities by operating segments and hence no analysis of segment assets and segment liabilities are presented.

Segment revenue and results
For the year ended 31 December 2013

	North America	Asia	Europe	Other regions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE					
External sales of goods	**49,521**	**13,688**	**5,926**	**5,986**	**75,121**
RESULTS					
Segment results	**9,670**	**1,287**	**756**	**777**	**12,490**
Unallocated income					**371**
Interest income					**370**
Unallocated expenses					**(11,688)**
Share of loss of an associate					**(14)**
Interest on bank borrowings wholly repayable within five years					**(1)**
Profit before tax					**1,528**
Tax expense					**(160)**
Profit for the year					**1,368**

For the year ended 31 December 2012

	North America	Asia	Europe	Other regions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE					
External sales of goods	58,599	25,995	6,921	4,893	96,408
RESULTS					
Segment results	6,884	1,821	709	731	10,145
Unallocated income					3,930
Interest income					207
Unallocated expenses					(11,458)
Share of profit of an associate					108
Interest on bank borrowings wholly repayable within five years					(40)
Profit before tax					2,892
Tax expense					(687)
Profit for the year					2,205

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of corporate income and expenses, interest income, gain on disposal of a joint venture, gain on disposal of prepaid lease payments and buildings, gain on fair value changes of held for trading investments, net exchange gain, central administration costs, directors' emoluments, share of (loss) profit of an associate and interest on bank borrowings. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and performance assessment.

Other segment information

	North America *US$'000*	Asia *US$'000*	Europe *US$'000*	Other regions *US$'000*	Operating segment total *US$'000*	Re-conciliations *US$'000*	Total *US$'000*
Amounts included in the measure of segment profit or loss:							
For the year ended 31 December 2013							
Depreciation	1,590	440	190	192	2,412	495	2,907
For the year ended 31 December 2012							
Depreciation	1,382	613	163	115	2,273	671	2,944

The reconciling item is the depreciation of the corporate headquarters building and furniture fixtures and equipment, which is not included in segment profit or loss.

Revenue from major product

The Group's revenue for both years was generated from manufacturing and sales of footwear.

Geographical information

The Group's revenue from external customers based on the destination of the goods shipped or delivered is detailed below:

	2013 ***US$'000***	2012 *US$'000*
United States of America	**43,223**	57,067
People's Republic of China ("PRC")	**6,040**	9,173
Japan	**1,898**	6,647
Belgium	**4,650**	4,959
South Korea	**1,560**	2,242
Others	**17,750**	16,320
	75,121	96,408

The Group's operations are located in the PRC, Hong Kong and Taiwan. The information about its non-current assets by geographical location and place of operations are detailed below:

	2013	2012
	US$'000	*US$'000*
PRC	**64,587**	63,591
Hong Kong	**1**	4
Taiwan	**1**	3
	64,589	63,598

Information about major customers

Revenue from customers which contributed over 10% to the Group's total revenue for the corresponding years are as follows:

	2013	2012
	US$'000	*US$'000*
Customer A	**57,161**	65,025
Customer B	**N/A***	16,684

The revenue of the above customers sourced from their various locations in North America, Asia and Europe.

* Revenue from Customer B for the year ended 31 December 2013 contributed less than 10% of the Group's total revenue.

4. Profit before tax

	2013	2012
	US$'000	*US$'000*
Profit before tax has been arrived at after charging:		
Directors' emoluments	**440**	430
Other staff costs	**27,839**	29,858
Retirement benefits scheme contributions (excluding contributions in respect of directors)	**2,286**	2,056
Total staff costs	**30,565**	32,344
Auditor's remuneration	**148**	148
Cost of inventories recognised as an expense	**61,573**	83,741
Depreciation of property, plant and equipment	**2,907**	2,944
Write-down of inventories	**668**	–
Loss on disposal of property, plant and equipment	**–**	100
Release of prepaid lease payments	**176**	178
Net foreign exchange loss	**392**	–
and after crediting to other income:		
Gain on disposal of a joint venture *(note)*	**–**	119
Gain on disposal of prepaid lease payments and buildings	**–**	3,500
Gain on fair value changes of held for trading investments	**25**	160
Interest income	**370**	207
Net foreign exchange gain	**–**	57

Note: During the year ended 31 December 2012, the Group entered into a sale and purchase agreement to dispose of its entire interest in a joint venture to a third party at a consideration of US$960,000, resulting in a gain on disposal of US$119,000.

5. Tax expense

	2013	2012
	US$'000	*US$'000*
Current tax:		
Hong Kong Profits Tax	**12**	11
PRC Enterprise Income Tax	**120**	239
PRC Land Appreciation Tax	**–**	282
Taiwan Income Tax	**–**	1
	132	533
Underprovision in prior years:		
PRC Enterprise Income Tax	**28**	154
	160	687

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

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

The provision for Land Appreciation Tax is calculated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided and paid at ranges of progressive rates of the appreciation value on the disposal of prepaid lease payments and buildings, with certain allowable deductions.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Save as disclosed above, in the opinion of the directors, the Group is not subject to taxation in any other jurisdictions.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	US$'000	*US$'000*
Profit before tax	**1,528**	2,892
Tax at the domestic income tax rate of 25% *(note)*	**382**	723
Tax effect of share of loss (profit) of an associate	**4**	(27)
Tax effect of expenses not deductible for tax purposes	**306**	338
Tax effect of income not taxable for tax purposes	**(954)**	(723)
Underprovision in respect of prior year	**28**	154
Tax effect of tax losses/deductible temporary differences not recognised	**399**	18
Land Appreciation Tax	**–**	282
Effect on Land Appreciation Tax	**–**	(71)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(5)**	(7)
Tax charge for the year	**160**	687

Note: this represents the tax rate in the jurisdiction where the operations of the Group is substantially based.

6. Dividends

	2013	2012
	US$'000	*US$'000*
Dividends recognised as a distribution during the year:		
2013 interim – 1.0 HK cents (2012: 0.5 HK cents) per share	**942**	471
2012 Final – 2.0 HK cents (2012: 2011 final dividend 0.5 HK cents) per share	**1,885**	471
	2,827	942

A final dividend of 2.0 HK cents per share in respect of the year ended 31 December 2013 (2012: 2.0 HK cents) has been proposed by the directors and is subject to approval by the shareholders in general meeting.

7. Earnings per share

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of US$1,368,000 (2012: US$2,205,000) and on 730,700,000 (2012: 730,700,000) ordinary shares in issue during the year.

There are no potential ordinary shares outstanding for each of the two years ended 31 December 2013.

8. Trade and other receivables

	2013	2012
	US$'000	*US$'000*
Trade receivables	**6,294**	9,295
Consideration receivables from disposal of a joint venture	**–**	960
Other receivables	**2,756**	1,440
Total trade and other receivables	**9,050**	11,695

The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2013	2012
	US$'000	*US$'000*
0-30 days	**5,592**	7,990
31-60 days	**414**	1,214
Over 60 days	**288**	91
Total trade receivables	**6,294**	9,295

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits by customer. Limits attributed to customers are reviewed periodically. 95% (2012: 99%) of the trade receivables that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of US$288,000 (2012: US$91,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which were past due but not impaired

	2013	2012
	US$'000	*US$'000*
61-90 days	**252**	6
91-120 days	**–**	1
Over 121 days	**36**	84
Total	**288**	91

The Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

9. Trade and other payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013	2012
	US$'000	*US$'000*
0-30 days	**2,465**	1,775
31-60 days	**286**	116
Over 60 days	**186**	217
Total trade payables	**2,937**	2,108
Other payables	**4,824**	5,406
	7,761	7,514

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The other payables mainly consist of receipt in advance, accrued payroll and other accrued expenses for both years.

FINAL DIVIDEND

The Directors proposed a final dividend of 2.0 HK cents per ordinary share for the year ended 31 December 2013 to shareholders whose names appear on the register of members of the Company on 6 June 2014. Subject to approval at the forthcoming annual general meeting, dividend warrants will be sent to shareholders on or before 13 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2014 to Thursday, 29 May 2014, both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending and voting at the forth coming annual general meeting, all transfer documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong (the address will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effective from 31 March 2014) not later that 4:30 p.m. on Monday, 26 May 2013.

In addition, the register of members of the Company will be closed from Thursday, 5 June 2014 to Friday, 6 June 2014, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong (the address will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effective from 31 March 2014) not later that 4:30 p.m. on Wednesday, 4 June 2014.

RESULTS REVIEW

Results

I am pleased to present our annual results for the year ending 31 December 2013. The Group recorded the net profit after taxation of US$1,368,000 (2012: US$2,205,000), and the decrease of turnover from US$96,408,000 in 2012 to US$75,121,000 in this year. The gross profit margin rose from 13.1% in 2012 to 18.0% in the year.

Geographical Market

North America remains the largest export market of the Group, accounting for 65.9% of the Group's turnover. Turnover contribution from the Asian and European market and other regions represented 18.2%, 7.9% and 8.0% respectively.

BUSINESS REVIEW

In year 2013, recovery of global economy remained tardy, with the consumer's consumption habits tending to be conservative. Within such a complicated and varied environment, the Group experienced a challenging year in 2013. The Group is confident that the well-established foundation and high quality products are the key to survive in this tough environment, we continue to work closely with our business partners, and consolidate our experience and strength. The Group also implemented a comprehensive cost control policy to monitor the spending, to improve in all aspects and strive for excellence, aiming at a better margin to the stakeholders.

SOCIAL RESPONSIBILITY

The Group is dedicated in delivering the social responsibility, the working place safety and contribution to local community is always our top concern. Adequate training will be provided to staff in different level to advance their skills and personal morality.

FUTURE PROSPECTS

Uncertainties and challenges will remain globally as well as PRC economies in year 2014. The Group is committed to exploring potential customers and markets, integrated advantageous resources, improved efficiency continuously and propelling the business with its solid base, so as to push forward the development of the Group in a steady manner.

APPRECIATION

I would like to give my most sincere recognitions to all the Board Members, executives and staffs of the Group for their dedications and contributions. I, on behalf of the Group, would also like to express our deepest gratitude to our business partners and shareholders for their trust and continual supports

FINANCIAL REVIEW

During the year ended 31 December 2013, the Group continued to concentrate on the manufacture and sales of footwear products. For the year ended 31 December 2013, the Group recorded a turnover of US$75,121,000 (2012: US$96,408,000) representing 22.1% decrease comparing to 2012.

Profit before taxation of the Group for the year ended 31 December 2013 was US$1,528,000 (2012: US$2,892,000), a deduction of US$1,364,000 as compared to the corresponding period in 2012. After accounting for income taxes of US$160,000, resulted a profit after taxation of US$1,368,000 (2012: US$2,205,000). Basic earnings per share for the year ended 31 December 2013 was 0.19 US cents (2012: 0.30 US cents). Gross profit margin rose to 18.0% in the year. In addition, the Group continued to exercise tight cost control and implemented policies to improve efficiency.

The Group will continue to observe this conservative approach, to stay in low gearing ratio, in formulating resources allocation. The Group had successfully reduced its bank borrowings to nil in 2013. This, helped to reduce the interest expenses by US$39,000.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its business needs with internal cash flows. Since the global finance crisis couple of years ago, the Group put great effort to maintain a healthy and strong financial position, and the main focus was cash flow management. Trade receivables were reviewed regularly to ensure that were neither past due nor impaired, and trade payables were scheduled to match our cash flow pattern. Spending, capital expenditure, other than necessary, were greatly controlled. As at 31 December 2013, the Group had cash and cash equivalent of US$26,306,000 (2012: US$21,902,000) and total borrowings of Nil (2012: US$428,000), and reached the net bank balances and cash of US$26,306,000 (US$21,474,000 in 2012). As at 31 December 2013 the Group's solid financial liquidity position was reflected by a healthy current ratio of 8.8 (2012: 8.7) times.

CAPITAL EXPENDITURE

For the year ended 31 December 2013, the Group incurred US$2,016,000 in capital expenditure, of which approximately 78% was used in acquisition and replacement of plant and machinery.

EMPLOYEES AND REMUNERATION POLICIES

The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on performance related basis. There are incentives in the form of discretionary performance bonus and offer equal opportunities to all staff.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 December 2013, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2013, the Company complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and such amendments and revisions under the Corporate Governance Code effective from 1 April 2012.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. Having made specify enquiry of all directors, the directors had complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2013.

By Order of the Board
Wu Chen San, Thomas
Chairman

Hong Kong, 26 March 2014

As at the date of this announcement, the executive directors are Mr. Wu Chen San, Thomas, Mr. Wu Jenn Chang, Michael, Mr. Wu Jenn Tzong, Jackson and Mr. Ho Chin Fa, Steven. The independent non-executive directors are Mr. Huang Hung Ching, Mr. Lai Jenn Yang, Jeffrey and Mr. Liu Chung Kang, Helios.

The electronic version of this announcement will be published on the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (www.pegasusinternationalholdings.com).