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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: 1326)

PROFIT WARNING

This announcement is made by Pegasus Entertainment Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors of the Company wishes to inform the shareholders (the "**Shareholders**") and potential investors of the Company that the Group is expected to record a loss for the year ended 30 June 2015 as compared with a profit for the corresponding period in 2014. Based on the information currently available, such unexpected turnaround from profit to loss was principally attributable to the accounting treatment of the acquisition of Chili Advertising & Promotions Limited and its subsidiaries (the "**Acquisition**"). According to the applicable accounting standards, the Group is required to recognise the fair value for the accounting purpose of the consideration shares allotted and issued by the Company under the Acquisition (the "**Consideration Shares**") according to the market price as at the completion date on 12 June 2015 at HK$4.26 per share despite the issue price of the Consideration Shares was set and approved by the independent Shareholders at HK$1.26 per Consideration Share (being the price determined with reference to the market price as at the date of the relevant agreement). As a result of the foregoing which arose from the fluctuation of the market price of the shares of the Company, an impairment loss on goodwill amount to approximately HK$138 million is to be recognised for the year ended 30 June 2015. Such impairment loss has no impact on the Group's cashflow. For further information on the Acquisition, please refer to the Company's announcements dated 6 March 2015 and 12 June 2015 and circular dated 13 May 2015.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the information currently available to the Group and is not based on any figures or information which has been audited or reviewed by the auditor of the Company. The Group's annual results announcement for the year ended 30 June 2015 is expected to be released in September 2015. Further information about the management discussion and analysis on the performance of the Group will be contained in such results announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7 August 2015

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