PEGASUS INTERNATIONAL HOLDINGS LIMITED

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

ANNOUNCEMENTS OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2015

The Board of Directors (the "Directors") of Pegasus International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") For the six months ended 30 June 2015 with comparative figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
		(unaudited)	(unaudited)
	NOTES	***US$'000***	*US$'000*
Revenue		**47,259**	49,272
Cost of sales		**(40,714)**	(42,121)
Gross profit		**6,545**	7,151
Other income		**538**	528
Selling and distribution costs		**(1,799)**	(2,089)
Administrative expenses		**(3,950)**	(4,301)
Share of loss of an associate		**(5)**	(10)
Profit before taxation		**1,329**	1,279
Taxation	*5*	**(163)**	(158)
Profit for the period		**1,166**	1,121
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**285**	(714)
Total comprehensive income for the period attributable to owners of the Company		**1,451**	407
Earnings per share	*7*		
Basic		**0.160 US cents**	0.153 US cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	NOTES	At 30 June 2015 (unaudited) US$'000	At 31 December 2014 (audited) US$'000
Non-current assets			
Property, plant and equipment	8	**54,737**	55,993
Prepaid lease payments		**5,460**	5,542
Interests in an associate		**568**	573
		60,765	62,108
Current assets			
Inventories		**15,892**	27,705
Trade and other receivables	9	**5,651**	9,704
Prepaid lease payments		**184**	184
Held for trading investments		**636**	3,855
Bank balances and cash		**45,273**	27,517
		67,636	68,965
Current liabilities			
Trade and other payables	10	**6,332**	7,628
Tax payable		**575**	574
		6,907	8,202
Net current assets		**60,729**	60,763
		121,494	122,871
Capital and reserves			
Share capital	11	**9,428**	9,428
Share premium and reserves		**108,887**	110,264
Total equity		**118,315**	119,692
Non-current liability			
Deferred tax liabilities		**3,179**	3,179
		121,494	122,871

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountant as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six month ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, a new interpretation and certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for the current interim period.

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and disclosures set out in these condensed 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.

Six months ended 30 June 2015

	North America	**Asia**	**Europe**	**Others**	**Consolidated**
	US\$'000	***US\$'000***	***US\$'000***	***US\$'000***	***US\$'000***
REVENUE					
External sales of goods	**32,583**	**8,711**	**4,639**	**1,326**	**47,259**
RESULTS					
Segment results	**5,352**	**615**	**345**	**102**	**6,414**
Unallocated income					**359**
Interest income					**179**
Unallocated expenses					**(5,618)**
Share of loss of an associate					**(5)**
Profit before taxation					**1,329**
Taxation					**(163)**
Profit for the period					**1,166**

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2014

	North America *US$'000*	Asia *US$'000*	Europe *US$'000*	Others *US$'000*	Consolidated *US$'000*
REVENUE					
External sales of goods	30,948	10,472	5,132	2,720	49,272
RESULTS					
Segment results	4,813	934	639	342	6,728
Unallocated income					310
Interest income					218
Unallocated expenses					(5,967)
Share of loss of an associate					(10)
Profit before taxation					1,279
Taxation					(158)
Profit for the period					1,121

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**213**	193
Other staff costs	**14,521**	12,992
Retirement benefits scheme contributions (excluding contributions in respect of directors)	**1,063**	1,025
Total staff costs	**15,797**	14,210
Auditors' remuneration	**72**	72
Depreciation of property, plant and equipment	**1,550**	1,538
and after crediting to other income:		
Interest income	**179**	218

5. TAXATION

	Six months ended 30 June	
	2015	2014
	US$'000	*US$'000*
Current taxation:		
People's Republic of China ("PRC")	**163**	158
Taiwan	**–**	–
Taxation attributable to the Group	**163**	158

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current and prior periods. No Hong Kong Profit Tax is made in the consolidated financial statement as these is no assessable profit for both periods.

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.

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

6. DIVIDENDS

On 5 June 2015, a dividend of 3.0 HK cents per share was paid to shareholders as the final dividend for 2014 (2014: 2.0 HK cent per share in respect of the year ended 31 December 2013).

The directors have determined that an interim dividend of 4.0 HK cent per share (2014: 2.0 HK cent) should be paid to the shareholders of the Company whose name appear on the Register of Member on 2 September 2015.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of US$1,166,000 (six months ended 30 June 2014: US$1,121,000) and on the weighted average number of ordinary shares of 730,650,000 (2014: 730,700,000) in issue during the year.

There are no potential ordinary shares outstanding for each of the two periods ended 30 June 2015.

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately US$294,000 (six months ended 30 June 2014: US$739,000) on additions to property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

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 date:

	30 June 2015	31 December 2014
	US$'000	*US$'000*
0-30 days	**2,693**	7,940
31-60 days	**1,369**	372
Over 60 days	**415**	19
Total trade receivables	**4,477**	8,331
Other receivables	**1,174**	1,373
Total trade and other receivables	**5,651**	9,704

10. TRADE AND OTHER PAYABLES

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

	30 June 2015	31 December 2014
	US$'000	*US$'000*
0-30 days	**1,220**	3,660
31-60 days	**130**	123
Over 60 days	**1,089**	126
Total trade payables	**2,439**	3,909
Other payables	**3,893**	3,719
Total trade and other payables	**6,332**	7,628

11. SHARE CAPITAL

	Number of shares	Amount
		US$'000
Authorised		
Ordinary shares of HK$0.10 each		
At 1 January 2014, 31 December 2014 and 30 June 2015	1,500,000,000	19,355
Convertible non-voting preference shares of US$100,000 each		
At 1 January 2014, 31 December 2014 and 30 June 2015	150	15,000
		34,355
Issued and fully paid		
Ordinary shares of HK$0.10 each		
At 1 January 2014	730,700,000	9,428
Share repurchased and cancelled in November 2014	(50,000)	–
At 31 December 2014 and 30 June 2015	730,650,000	9,428

12. COMMITMENTS

In the current interim period, the Group did not enter into agreements for acquisition of property, plant and equipment.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of 4.0 HK cent per ordinary share for the six months ended 30 June 2015 to shareholders whose names appear on the register of members on 2 September 2015. The dividend warrants will be sent to shareholders on or before 9 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 1 September 2015 to Wednesday, 2 September 2015, both days inclusive, during which no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 31 August 2015.

FINANCIAL REVIEW

During the six months ended 30 June 2015, the Group continued to concentrate on the manufacture and sales of footwear products. For the six months ended 30 June 2015, the Group achieved a turnover of US$47,259,000 (2014: US$49,272,000) compared with the six months ended 30 June 2014, the turnover decreased by 4%.

Profit before taxation of the Group for the six months ended 30 June 2015 was US$1,329,000 (2014: US$1,279,000), an increase of US$50,000 as compared to the corresponding period in 2014. After accounting for income taxes of US$163,000 (2014: US$158,000), resulted a profit after taxation of US$1,166,000 (2014: US$1,121,000).

Basic earnings per share for the six months ended 30 June 2015 was 0.160 US cents (2014: 0.153 US cents). The gross profit margin is 13.8% during the current period.

BUSINESS REVIEW AND FUTURE PROSPECTS

BUSINESS REVIEW

In the first half of 2015, first-half growth was markedly slower than the last year. The pace of China's economic growth remained slow, with the consumer's consumption habits tending to be conservative, export manufacturers were stable as a whole. 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.

Domestic Market

The growth in domestic market has slowed down and started to saturated in recent years, and the intensified competition is a big challenge to all market participants. The Group has accumulated market experience in the domestic market, but we will maintain conservatives in our strategy and slow down our development in China.

FUTURE PROSPECTS

The year of 2015 will see the economic tendency of slow recovery in the major consumption markets. With continuous internal improvements, coupled with strict cost control and quality assurance, we believe that our performance should have an optimistic growth in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's total net assets was US$118,315,000, comprising mainly current assets of US$67,636,000, non-current assets of US$60,765,000, current liabilities of US$6,907,000 and non-current liability of US$3,179,000. The current ratio was approximately 9.79 times and net bank balances and cash of US$45,273,000 was recorded as at 30 June 2015. The Group services its debts primarily through cashflow generated from its operation. The Directors believe that the Group has maintained sufficient working capital for its operation and future expansion.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 June 2015 with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exact than the required standard set out in Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

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 unaudited interim financial statements.

By Order of the Board
Wu Chen San, Thomas
Chairman

Hong Kong, 14 August 2015

List of all Directors of the Company as of the date of this announcement:–

Executive Directors:
Wu Chen San, Thomas *(Chairman)*
Wu Jenn Chang, Michael *(Deputy Chairman)*
Wu Jenn Tzong, Jackson
Ho Chin Fa, Steven

Independent Non-executive Directors:
Lai Jenn Yang, Jeffrey
Liu Chung Kang, Helios
Huang Hung Ching

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).