PEGASUS INTERNATIONAL HOLDINGS LIMITED

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 with comparative figures for the corresponding period in 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** *US$'000*	2014 *US$'000*
Revenue	*3*	**74,675**	77,579
Cost of sales		**(65,500)**	(65,223)
Gross profit		**9,175**	12,356
Other income		**3,830**	1,039
Selling and distribution costs		**(3,194)**	(3,513)
General and administrative expenses		**(8,493)**	(8,295)
Share of profit (loss) of an associate		**14**	(14)
Profit before tax	*4*	**1,332**	1,573
Tax expense	*5*	**(13)**	(167)
Profit for the year attributable to owners of the Company		**1,319**	1,406
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(5,377)**	(1,353)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation *(decrease)* increase on buildings		**(456)**	175
Deferred tax recognised on revaluation of buildings		**114**	(44)
		(342)	131
Other comprehensive expense for the year, net of tax		**(5,719)**	(1,222)
Total comprehensive (expense) income for the year attributable to owners of the Company		**(4,400)**	184
Earnings per share	*7*		
Basic		**0.18 US cents**	0.19 US cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	2015 US$'000	2014 US$'000
Non-current assets			
Property, plant and equipment		**51,556**	55,993
Prepaid lease payments		**5,135**	5,542
Interest in an associate		**587**	573
		57,278	62,108
Current assets			
Inventories		**21,130**	27,705
Trade and other receivables	*8*	**8,653**	9,704
Prepaid lease payments		**176**	184
Held for trading investments		**534**	3,855
Bank balances and cash		**13,462**	27,517
		43,955	68,965
Current liabilities			
Trade and other payables	*9*	**8,044**	7,628
Tax payable		**409**	574
		8,453	8,202
Net current assets		**35,502**	60,763
		92,780	122,871
Capital and reserves			
Share capital		**9,428**	9,428
Share premium and reserves		**80,416**	110,264
Total equity		**89,844**	119,692
Non-current liabilities			
Deferred tax liabilities		**2,936**	3,179
		92,780	122,871

1. Basis of preparation

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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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 at the end of each reporting period, 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.

2. Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs)

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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.

New and revised HKFRSs in issue 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:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and HKAS 38 and Amortisation[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors anticipate that the application of the other 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 2015

	North America *US$'000*	Asia *US$'000*	Europe *US$'000*	Other regions *US$'000*	Total *US$'000*
REVENUE					
External sales of goods	**46,722**	**15,266**	**7,379**	**5,308**	**74,675**
RESULTS					
Segment results	**6,695**	**958**	**739**	**465**	**8,857**
Unallocated income					**3,490**
Interest income					**340**
Unallocated expenses					**(11,369)**
Share of profit of an associate					**14**
Profit before tax					**1,332**
Tax expense					**(13)**
Profit for the year					**1,319**

For the year ended 31 December 2014

	North America *US$'000*	Asia *US$'000*	Europe *US$'000*	Other regions *US$'000*	Total *US$'000*
REVENUE					
External sales of goods	51,692	12,312	7,596	5,979	77,579
RESULTS					
Segment results	9,382	1,008	854	670	11,914
Unallocated income					546
Interest income					493
Unallocated expenses					(11,366)
Share of loss of an associate					(14)
Profit before tax					1,573
Tax expense					(167)
Profit for the year					1,406

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, loss on fair value changes of held for trading investments, net exchange loss/gain, central administration costs, directors' emoluments and share of profit/loss of an associate. 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 2015							
Depreciation	**1,495**	**489**	**236**	**170**	**2,390**	**651**	**3,041**
For the year ended 31 December 2014							
Depreciation	1,775	423	261	205	2,664	488	3,152

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:

	2015	2014
	US$'000	*US$'000*
United States of America	**45,193**	46,125
People's Republic of China ("PRC")	**4,006**	4,006
Belgium	**5,189**	5,456
South Korea	**1,720**	2,839
Japan	**1,197**	1,681
Others	**17,370**	17,472
	74,675	77,579

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:

	2015	2014
	US$'000	*US$'000*
PRC	**57,239**	62,058
Hong Kong	**38**	49
Taiwan	**1**	1
	57,278	62,108

Information about major customers

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

	2015	2014
	US$'000	*US$'000*
Customer A	**60,339**	61,484

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

4. Profit before tax

	2015	2014
	US$'000	*US$'000*
Profit before tax has been arrived at after charging:		
Directors' emoluments	**474**	418
Other staff costs	**31,913**	27,531
Retirement benefits scheme contributions (excluding contributions in respect of directors)	**2,598**	1,973
Total staff costs	**34,985**	29,922
Auditor's remuneration	**162**	151
Cost of inventories recognised as an expense	**65,500**	65,223
Depreciation of property, plant and equipment	**3,041**	3,152
Write-down of inventories	**500**	748
Loss on fair value changes of held for trading investments	**140**	40
Release of prepaid lease payments	**189**	190
and after crediting to other income:		
Gain on disposal of property, plant and equipment	**25**	–
Interest income	**340**	493
Net foreign exchange gain	**3,210**	156

5. Tax expense

	2015	2014
	US$'000	*US$'000*
Current tax:		
Hong Kong Profits Tax	**38**	19
PRC Enterprise Income Tax	**305**	253
	343	272
Overprovision in prior years:		
Hong Kong Profits Tax	**(16)**	(5)
PRC Enterprise Income Tax	**(314)**	(100)
	13	167

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.

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:

	2015	2014
	US$'000	*US$'000*
Profit before tax	**1,332**	1,573
Tax at the domestic income tax rate of 25% (note)	**333**	393
Tax effect of share of loss of an associate	**(4)**	4
Tax effect of expenses not deductible for tax purposes	**677**	380
Tax effect of income not taxable for tax purposes	**(851)**	(862)
Over provision in respect of prior year	**(330)**	(105)
Tax effect of tax losses not recognised	**199**	343
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(11)**	14
Tax charge for the year	**13**	167

note: This represents the tax rate in the jurisdiction where the operations of the Group is substantially based.

6. Dividends

	2015	2014
	US$'000	*US$'000*
Dividends recognised as a distribution during the year:		
2015 special – 20.0 HK cents (2014: Nil) per share	**18,850**	–
2015 interim – 4.0 HK cents (2014: 2.0 HK cents) per share	**3,770**	1,885
2014 Final – 3.0 HK cents (2014: 2013 final dividend 2.0 HK cents) per share	**2,828**	1,885
	25,448	3,770

A final dividend of 1.0 HK cent per share in respect of the year ended 31 December 2015 (2014: 3.0 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$1,319,000 (2014: US$1,406,000) and on the weighted average number of ordinary shares of 730,697,000 (2014: 730,697,000) in issue during the year.

There are no potential ordinary shares outstanding for each of the two years ended 31 December 2015.

8. Trade and other receivables

	2015	2014
	US$'000	*US$'000*
Trade receivables	**7,139**	8,331
Other receivables	**1,514**	1,373
Total trade and other receivables	**8,653**	9,704

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:

	2015	2014
	US$'000	*US$'000*
0-30 days	**6,335**	7,940
31-60 days	**656**	372
Over 60 days	**148**	19
Total trade receivables	**7,139**	8,331

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. 98% (2014: 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$148,000 (2014: US$19,000) 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

	2015	2014
	US$'000	*US$'000*
61-90 days	**97**	3
91-120 days	**42**	10
Over 121 days	**9**	6
Total	**148**	19

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 analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2015	2014
	US$'000	*US$'000*
0-30 days	**1,863**	3,660
31-60 days	**702**	123
Over 60 days	**498**	126
Total trade payables	**3,063**	3,909
Other payables	**4,981**	3,719
	8,044	7,628

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 1.0 HK cent per ordinary share for the year ended 31 December 2015 to shareholders whose names appear on the register of members of the Company on 6 June 2016. Subject to approval at the forthcoming annual general meeting, dividend warrants will be sent to shareholders on or before 17 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2016 to Monday, 30 May 2016, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later that 4:30 p.m. on Thursday, 26 May 2016.

In addition, the register of members of the Company will be closed from Friday, 3 June 2016 to Monday, 6 June 2016, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later that 4:30 p.m. on Thursday, 2 June 2016.

RESULTS REVIEW

Results

I am pleased to present our annual results for the year ending 31 December 2015. The Group recorded a net profit after taxation of US$1,319,000 (2014: US$1,406,000), and decrease of turnover from US$77,579,000 in 2014 to US$74,675,000 in this year. Gross profit margin dropped from 16% in 2014 to 12% in this year.

Geographical Market

North America remains the largest export market of the Group, accounting for 62.6% of the Group's turnover. Turnover contribution from the Asian and European market and other regions represented 20.4%, 9.9% and 7.1% respectively.

BUSINESS REVIEW

In 2015, consumer consumption has been continually weakened by the weak and unstable global economy as well as the slowdown of the macroeconomics, which has adversely affected the global footwear market.

During 2015, the Group maintained its close partnerships with a number of world renowned brands. At the same time, we were also facing key challenges including currency fluctuation and increasing manufacturing cost, especially the labor costs in the PRC. This eroded the profitability and the operating margins during the year.

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

Looking ahead to 2016, the global economic outlook remains uncertain. In view of the continued weakness of the global economy and the on-going economic restructuring in the PRC, the growth of the footwear market will continue to slowdown, and the intensifying market competition will lead to greater price pressure.

Facing with the complex and volatile business environment, the Group will strive to identify new customers, optimize the product structure and strengthen product development capabilities, with a view to meet the market demand with its better products.

In addition, the Group will look for other investment projects as well as the development opportunities in order to further optimize its diversified strategies and create greater returns for the shareholders.

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 2015, the Group continued to concentrate on the manufacture and sales of footwear products. For the year ended 31 December 2015, the Group recorded a turnover of US$74,675,000 (2014: US$77,579,000) representing 3.7% decrease comparing to 2014.

Profit before taxation of the Group for the year ended 31 December 2015 was US$1,332,000 (2014: US$1,573,000), a decrease of US$241,000 as compared to the corresponding period in 2014. After accounting for income taxes expense of US$13,000, resulted a profit after taxation of US$1,319,000 (2014: US$1,406,000). Basic earnings per share for the year ended 31 December 2015 was 0.18 US cents (2014: 0.19 US cents). Gross profit margin dropped to 12% in this 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.

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 2015, the Group had cash and cash equivalent of US$13,462,000 (2014: US$27,517,000). As at 31 December 2015, the Group's solid financial liquidity position was reflected by a healthy current ratio of 5.2 (2014: 8.4) times.

CAPITAL EXPENDITURE

For the year ended 31 December 2015, the Group incurred US$1,181,000 in capital expenditure, of which approximately 53% 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 2015 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 2014, the Company repurchased a total of 50,000 shares through the Stock Exchange at an aggregate consideration (before expenses) of HK$57,500 (equivalent to US$7,418). All the repurchased shares were subsequently cancelled.

Details of the repurchase are as follow:

Month of purchase	Number of shares repurchased	Price per share		Aggregate consideration paid (before expenses)	
		Highest	Lowest		
		(HK$)	*(HK$)*	*(HK$)*	*(US$)*
November 2014	50,000	1.15	1.15	57,500	7,418

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2014 and the year ended 31 December 2015.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2015, 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 2015.

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 2015.

By Order of the Board
Wu Chen San, Thomas
Chairman

Hong Kong, 23 March 2016

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).