PEGASUS INTERNATIONAL HOLDINGS LIMITED

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

ANNOUNCEMENTS OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2017

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 2017 with comparative figures for the corresponding period in 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		(unaudited)	(unaudited)
	NOTES	***US$'000***	*US$'000*
Revenue		**44,245**	43,466
Cost of sales		**(37,819)**	(38,055)
Gross profit		**6,426**	5,411
Other income		**172**	1,242
Selling expenses		**(1,702)**	(1,584)
Administrative expenses		**(3,901)**	(4,065)
Share of profit of an associate		**3**	32
Profit before taxation		**998**	1,036
Taxation	5	**(111)**	(145)
Profit for the period		**887**	891
Other comprehensive income (expense): Item that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations		**1,054**	(3,495)
Total comprehensive income (expense) for the period attributable to owners of the Company		**1,941**	(2,604)
Earnings per share	7		
Basic		**0.12 US cents**	0.12 US cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	At 30 June 2017 (unaudited) US$'000	At 31 December 2016 (audited) US$'000
Non-current assets			
Property, plant and equipment	8	**50,910**	51,519
Prepaid lease payments		**4,569**	4,594
Interests in an associate		**614**	611
		56,093	56,724
Current assets			
Inventories		**6,177**	14,572
Trade and other receivables	9	**4,671**	8,751
Prepaid lease payments		**166**	164
Held for trading investments		**1,395**	1,277
Bank balances and cash		**25,912**	14,163
Tax recoverable		**–**	17
		38,321	38,944
Current liabilities			
Trade and other payables	10	**5,638**	8,055
Tax payable		**588**	574
		6,226	8,629
Net current assets		**32,095**	30,315
		88,188	87,039
Capital and reserves			
Share capital	11	**9,428**	9,428
Share premium and reserves		**75,228**	74,123
Total equity		**84,656**	83,551
Non-current liability			
Deferred tax liabilities		**3,532**	3,488
		88,188	87,039

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

During the 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 2017

	North America *US$'000*	**Asia** *US$'000*	**Europe** *US$'000*	**Others** *US$'000*	**Consolidated** *US$'000*
REVENUE					
External sales of goods	**29,271**	**7,827**	**5,930**	**1,217**	**44,245**
RESULTS					
Segment results	**4,761**	**782**	**725**	**122**	**6,390**
Unallocated income					**162**
Interest income					**10**
Unallocated expenses					**(5,567)**
Share of profit of an associate					**3**
Profit before taxation					**998**
Taxation					**(111)**
Profit for the period					**887**

Six months ended 30 June 2016

	North America *US$'000*	Asia *US$'000*	Europe *US$'000*	Others *US$'000*	Consolidated *US$'000*
REVENUE					
External sales of goods	26,702	10,822	4,778	1,164	43,466
RESULTS					
Segment results	4,027	763	487	99	5,376
Unallocated income					1,205
Interest income					37
Unallocated expenses					(5,614)
Share of profit of an associate					32
Profit before taxation					1,036
Taxation					(145)
Profit for the period					891

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**168**	221
Other staff costs	**14,952**	16,105
Retirement benefits scheme contributions (excluding contributions in respect of directors)	**1,711**	2,218
Total staff costs	**16,831**	18,544
Auditors' remuneration	**77**	86
Depreciation of property, plant and equipment	**1,064**	1,136
and after crediting to other income:		
Interest income	**10**	37

5. TAXATION

	Six months ended 30 June	
	2017	2016
	US$'000	*US$'000*
Current taxation:		
People's Republic of China ("PRC")	**111**	145

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.

6. DIVIDENDS

The directors have determined that an interim dividend of 2.0 HK cent per share (2016: an interim dividend of 1.0 HK cent per share) should be paid to the shareholders of the Company whose name appear on the Register of Member on 28 September 2017.

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$887,000 (six months ended 30 June 2016: US$891,000) and on the weighted average number of ordinary shares of 730,650,000 (2016: 730,650,000) in issue during the period.

There are no potential ordinary shares outstanding for six months ended 30 June 2016 and 2017.

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately US$450,000 (six months ended 30 June 2016: US$749,000) 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 2017 *US$'000*	31 December 2016 *US$'000*
0–30 days	**3,364**	6,862
31–60 days	**358**	716
Over 60 days	**5**	5
Total trade receivables	**3,727**	7,583
Other receivables	**944**	1,168
Total trade and other receivables	**4,671**	8,751

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 2017 *US$'000*	31 December 2016 *US$'000*
0–30 days	**806**	2,569
31–60 days	**264**	239
Over 60 days	**974**	523
Total trade payables	**2,044**	3,331
Other payables	**3,594**	4,724
Total trade and other payables	**5,638**	8,055

11. SHARE CAPITAL

	Number of shares	**Amount** *US$'000*
Authorised		
Ordinary shares of HK$0.10 each		
At 1 January 2016, 31 December 2016 and 30 June 2017	1,500,000,000	19,355
Convertible non-voting preference shares of US$100,000 each		
At 1 January 2016, 31 December 2016 and 30 June 2017	150	15,000
		34,355
Issued and fully paid		
Ordinary shares of HK$0.10 each		
At 1 January 2016, 31 December 2016 and 30 June 2017	730,650,000	9,428

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of 2.0 HK cent per ordinary share for the six months ended 30 June 2017 to shareholders whose names appear on the register of members on 28 September 2017. The dividend warrants will be sent to shareholders on or before 17 October 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 September 2017 to Thursday, 28 September 2017, 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 Friday, 22 September 2017.

FINANCIAL REVIEW

During the six months ended 30 June 2017, the Group continued to concentrate on the manufacture and sales of footwear products. For the six months ended 30 June 2017, the Group achieved a turnover of US$44,245,000 (six months ended 30 June 2016: US$43,466,000) compared with the six months ended 30 June 2016, the turnover increased by 1.8%.

Profit before taxation of the Group for the six months ended 30 June 2017 was US$998,000 (six months ended 30 June 2016: US$1,036,000), a slight decrease of US$38,000 as compared to the corresponding period in 2016. After accounting for income taxes of US$111,000 (six months ended 30 June 2016: US$145,000), resulted a profit after taxation of US$887,000 (six months ended 30 June 2016: US$891,000).

Basic earnings per share for the six months ended 30 June 2017 was 0.12 US cents (six months ended 30 June 2016: 0.12 US cents). The gross profit margin is 14.5% during the current period.

BUSINESS REVIEW AND FUTURE PROSPECTS

BUSINESS REVIEW

In the first half of 2017, the global and Chinese economy remained stable with increased consumption driven by the optimistic atmosphere, and the market demands recorded an increase compared to the last year. Furthermore, like all other enterprises, we were faced with challenges arising from the increase of various staff related and operating costs and the policy transformation in China. Adhering to its long-standing principles, the Group leveraged its advantages of extensive experience in the market, quality products, and financial strength, and combined the long-term partnership between existing customers and suppliers to achieved balanced development with the resources required for the new platforms development and exploring new customers, so as to create value for each stakeholder.

FUTURE PROSPECTS

With optimistic upward trend in the second half of 2017, the Group shall seize every opportunity, maintain high standards of governance and internal control, and strengthen operations as well as guarantee the quality of products. We are confident about the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's total net assets was US$84,656,000, comprising mainly current assets of US$38,321,000, non-current assets of US$56,093,000, current liabilities of US$6,226,000 and non- current liability of US$3,532,000. The current ratio was approximately 6.15 times and net bank balances and cash of US$25,912,000 was recorded as at 30 June 2017. 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 2017, 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 with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2017.

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 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, with the management.

By Order of the Board
Pegasus International Holdings Limited
Wu Chen San, Thomas
Chairman

Hong Kong, 25 August 2017

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).