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PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 676)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

UNAUDITED ANNUAL RESULTS

The Board of Directors (the “Directors”) of Pegasus International Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019 with comparative figures for the corresponding period in 2018.

As of the date of this announcement, certain auditing and reporting processes for the annual results of the Group for the year ended 31 December 2019 have not been completed, therefore the Company and its auditors are not yet in position to agree on the final annual results of the Group for the year ended 31 December 2019. Detailed reasons for such delay are explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	<i>NOTES</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	3	4,595	38,965
Cost of sales		<u>(11,189)</u>	<u>(33,849)</u>
Gross (loss) profit		(6,594)	5,116
Other income (expense), gains and losses, net		(10,386)	(12,197)
Selling and distribution costs		(567)	(1,849)
General and administrative expenses		(4,114)	(6,312)
Share of result of an associate		(240)	(120)
Interest expense on lease liabilities		<u>(44)</u>	<u>–</u>
Loss before tax	4	(21,945)	(15,362)
Tax (expense) credit	5	<u>(25)</u>	<u>96</u>
Loss for the year attributable to owners of the Company		<u>(21,970)</u>	<u>(15,266)</u>
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(911)</u>	<u>(1,952)</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation decrease on buildings		(6,511)	(852)
Deferred tax recognised on revaluation of buildings		<u>1,628</u>	<u>213</u>
		<u>(4,883)</u>	<u>(639)</u>
Other comprehensive expense for the year, net of tax		<u>(5,794)</u>	<u>(2,591)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u><u>(27,764)</u></u>	<u><u>(17,857)</u></u>
Loss per share	7		
Basic		<u><u>(3.01 US cents)</u></u>	<u><u>(2.09 US cents)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	<i>NOTES</i>	2019 US\$'000	2018 US\$'000
Non-current assets			
Property, plant and equipment		28,916	46,023
Right-of-use assets		4,173	–
Prepaid lease payments		–	4,227
Interest in an associate		–	506
		33,089	50,756
Current assets			
Inventories		438	4,786
Trade and other receivables	8	1,150	1,435
Prepaid lease payments		–	163
Financial assets at fair value through profit or loss		565	602
Bank balances and cash		12,519	19,441
		14,672	26,427
Current liabilities			
Trade and other payables	9	2,296	3,159
Lease liabilities		92	–
Provision for housing provident fund	10	3,016	3,078
Tax payable		896	881
		6,300	7,118
Net current assets		8,372	19,309
		41,461	70,065
Capital and reserves			
Share capital		9,428	9,428
Reserves		29,223	56,987
Total equity		38,651	66,415
Non-current liabilities			
Deferred tax liabilities		1,979	3,650
Lease liabilities		831	–
		2,810	3,650
		41,461	70,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

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. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 “Lease” (“HKFRS 16”) for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by the relevant group entities range from 3.42% to 4.90%.

	At 1 January 2019 US\$'000
Operating lease commitments disclosed as at 31 December 2018	1,692
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	1,024
Lease liabilities as at 1 January 2019	1,024
Analysed as	
Current	92
Non-current	932
	1,024

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	<i>Notes</i>	Right-of-use assets <i>US\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		1,024
Reclassified from prepaid lease payments	(a)	4,390
Adjustments on rental deposits at 1 January 2019	(b)	3
		<u>5,417</u>
By class:		
Leasehold lands		4,390
Factories		744
Office premise		283
		<u>5,417</u>

Notes:

- (a) Upfront payments for leasehold lands in the People's Republic of China ("PRC") for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to US\$163,000 and US\$4,227,000 respectively were reclassified to right-of-use assets.
- (b) Before the application of HKFRS 16, the Group considered refundable rental deposit paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposit is not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, US\$3,000 was adjusted to refundable rental deposit paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (c) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (d) Effective on 1 January 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 US\$'000	Adjustments US\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 US\$'000
Non-current assets			
Right-of-use assets	–	5,417	5,417
Prepaid lease payments	4,227	(4,227)	–
Current assets			
Trade and other receivables	1,435	(3)	1,432
Prepaid lease payments	163	(163)	–
Current liabilities			
Lease liabilities	–	92	92
Non-current liabilities			
Lease liabilities	–	932	932

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

No adjustments have been made, in the application of HKFRS 16 as a lessor, on the Group's consolidated statement of financial position as at 31 December 2019 and its consolidated statement of profit or loss and other comprehensive income and cash flows for the current year.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the manufacture and sales of footwear products recognised at a point in time during the year. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery). The average credit period is 60 days upon delivery. Sales-related warranties associated with the goods cannot be purchased separately and they serve as an assurance that the goods sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" consistent with its previous accounting treatment.

The contracts for manufacture and sales of footwear products are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For the purpose of resources allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker of the Group, 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 reportable and operating segments determined based on location of geographical markets are North America, Asia and Europe. The other regions segment includes the revenue and operating results analysis in various locations other than those disclosed above. 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 2019

	North America <i>US\$'000</i>	Asia <i>US\$'000</i>	Europe <i>US\$'000</i>	Other regions <i>US\$'000</i>	Total <i>US\$'000</i>
REVENUE					
External sales of goods	<u>3,714</u>	<u>289</u>	<u>316</u>	<u>276</u>	<u>4,595</u>
RESULTS					
Segment results	<u>(5,724)</u>	<u>(352)</u>	<u>(296)</u>	<u>(309)</u>	(6,681)
Unallocated other income, gains and losses					443
Interest income					245
Unallocated expenses					(15,712)
Share of result of an associate					<u>(240)</u>
Loss before tax					<u>(21,945)</u>

For the year ended 31 December 2018

	North America <i>US\$'000</i>	Asia <i>US\$'000</i>	Europe <i>US\$'000</i>	Other regions <i>US\$'000</i>	Total <i>US\$'000</i>
REVENUE					
External sales of goods	<u>19,644</u>	<u>10,429</u>	<u>6,930</u>	<u>1,962</u>	<u>38,965</u>
RESULTS					
Segment results	<u>2,524</u>	<u>1,778</u>	<u>584</u>	<u>165</u>	5,051
Unallocated other income, gains and losses					1,299
Interest income					236
Unallocated expenses					(21,828)
Share of result of an associate					<u>(120)</u>
Loss before tax					<u>(15,362)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the (loss incurred) profit earned by each segment without allocation of corporate income and expenses, interest income, net gain/loss on fair value changes of financial assets at FVTPL, net exchange gain, central administration costs, directors' emoluments and share of result of an associate. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and performance assessment.

Revenue from major product

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

Geographical information

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

	2019 US\$'000	2018 US\$'000
United States of America	3,413	18,600
PRC	–	2,996
Belgium	–	4,905
South Korea	–	2,129
Japan	36	4,134
Others	1,146	6,201
	<u>4,595</u>	<u>38,965</u>

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:

	2019 US\$'000	2018 US\$'000
PRC	33,355	50,703
Hong Kong	–	52
Taiwan	–	1
	<u>33,355</u>	<u>50,756</u>

Information about major customers

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

	2019 US\$'000	2018 US\$'000
Customer A	N/A (<i>note</i>)	33,916
Customer B	2,499	N/A (<i>note</i>)
Customer C	2,048	N/A (<i>note</i>)
	<u>2,048</u>	<u>33,916</u>

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

note: the customers did not contribute over 10% of the Group's total revenue.

4. LOSS BEFORE TAX

	2019 US\$'000	2018 US\$'000
Loss before tax has been arrived at after charging:		
Directors' emoluments	155	236
Other staff costs	7,928	26,885
Retirement benefits scheme contributions	588	2,036
Total staff costs	8,671	29,157
Auditor's remuneration	191	170
Cost of inventories recognised as an expense	11,154	33,149
Depreciation of property, plant and equipment	1,905	1,683
Depreciation of right-of-use assets	281	–
Provision for housing provident fund (included in cost of sales)	35	700
Release of prepaid lease payments	–	177
and after charging (crediting) to other (income) expense, gains and losses, net:		
Loss on disposal of property, plant and equipment	2,308	8
Impairment loss recognised in respect of property, plant and equipment other than buildings (included in other expense)	4,982	2,549
Impairment loss recognised in respect of right-of-use assets (included in other expense)	913	–
Impairment loss recognised in respect of an associate (included in other expense)	266	–
Redundancy costs (included in other expense)	2,568	11,183
Net loss on financial assets at FVTPL	37	141
Government subsidies (included in other income)	(152)	–
Interest income	(245)	(236)
Rental income (included in other income)	(44)	–
Net foreign exchange gain	(98)	(1,151)

5. TAX EXPENSE (CREDIT)

	2019 US\$'000	2018 US\$'000
Current tax:		
Hong Kong Profits Tax	25	19
Overprovision in prior years:		
PRC Enterprise Income Tax	–	(115)
	25	(96)

6. DIVIDENDS

	2019 US\$'000	2018 US\$'000
Dividends recognised as a distribution during the year:		
2019 interim – nil (2018: nil)	–	–
2018 final – nil (2018: 2017 final dividend – 2.0 HK cents)		
per share	–	1,886
	–	1,886

No dividend was paid or proposed for shareholders of the Company during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period.

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of US\$21,970,000 (2018: US\$15,266,000) and on the number of ordinary shares of 730,650,000 (2018: 730,650,000) in issue during the year.

There are no potential ordinary shares outstanding for each of the two years ended 31 December 2019 and 2018.

8. TRADE AND OTHER RECEIVABLES

	2019 US\$'000	2018 US\$'000
Trade receivables	959	826
Prepayment and other deposit	62	297
Refundable rental deposit	43	31
Other receivables	86	281
Total trade and other receivables	1,150	1,435

Refundable rental deposit paid was adjusted upon the initial application of HKFRS 16. Details of the adjustments are set out in Note 2.

As at 1 January 2018, trade receivables from contracts with customers amounted to US\$5,842,000.

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:

	2019 US\$'000	2018 US\$'000
0 – 30 days	573	823
31 – 60 days	211	–
Over 60 days	175	3
Total trade receivables	959	826

As at 31 December 2019, included in the Group's trade receivables balances are debtors with aggregate carrying amount of US\$175,000 (2018: US\$3,000) which are past due as at the reporting date. None of the past due balances (2018: US\$3,000) has been past due for 90 days or more.

9. TRADE AND OTHER PAYABLES

	2019 US\$'000	2018 US\$'000
Trade payables	170	905
Accrued payroll	390	629
Accrued expenses	817	671
Others	919	954
	<u>2,296</u>	<u>3,159</u>

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

	2019 US\$'000	2018 US\$'000
0 – 30 days	42	671
31 – 60 days	7	93
Over 60 days	121	141
	<u>170</u>	<u>905</u>

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.

10. PROVISION FOR HOUSING PROVIDENT FUND

There were claims made against a subsidiary of the Group in respect of housing provident fund which were initiated by the employees of the subsidiary, and the Group has lodged appeals against these claims. Up to the date of this report, part of the claims are still under process while certain appeals are still under review by the court. While the ultimate outcome of these claims and legal proceedings cannot presently be reliably estimated, after considering the current facts and circumstances, provision for housing provident fund of US\$35,000 (2018: US\$700,000) has been made in profit or loss during the year ended 31 December 2019. The directors of the Company believe that adequate provisions has been made in the Group's consolidated financial statements as at 31 December 2019 and 2018.

11. EVENTS AFTER THE REPORTING PERIOD

The outbreak of the 2019 Novel Coronavirus ("COVID-19") in China has grown into a large-scale, multi-country epidemic during the first quarter of 2020 producing a challenging situation for all industries and society generally. The Group has assessed the overall impact of the situation on the entirety of its operations and taken all possible effective measures to limit the adverse effects of the rapidly spreading virus on people and activities. The Group is paying continuous attention to the ever-changing situation in order to respond appropriately with speed in a proactive manner.

FINAL DIVIDEND

The Directors does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

RESULTS REVIEW

Unaudited Annual Results

I am pleased to present our unaudited annual results for the year ended 31 December 2019. The Group recorded a net loss after taxation of US\$21,970,000 (2018: US\$15,266,000), and decrease of turnover from US\$38,965,000 in 2018 to US\$4,595,000 in this year. Gross margin changed from 13.1% in 2018 to -143.5% in this year.

Geographical Market

North America remains the largest export market of the Group, accounting for 80.8% of the Group's turnover. Turnover contribution from the Asia and European market and other regions represented 6.3%, 6.9% and 6% respectively.

BUSINESS REVIEW AND PROSPECTS

As compared with 2018, business environment in 2019 was even more difficult. During the trade war which lasted for more than ten months, the tit-for-tat between the PRC and the United States has dealt a major blow to the export-oriented manufacturing industry of the PRC. Faced with uncertainties brought by heavy tariffs and other trade restrictions, our clients were more cautious when placing orders, consumers became reluctant to spend, and the overall economy continued to be sluggish.

When the two countries were expected to reach an agreement at the end of last year which would ease the tension, COVID-19 started to sweep around the world, resulting in an ever-increasing number of confirmed and death cases in various countries, the economic losses of which were beyond estimation. It is expected that business environment in 2020 will become even more hostile.

Over the past two years, the Group adjusted its environment and business transformation, and integrated human resources and production lines, with a view to increasing productivity and competitiveness. Meanwhile, provisions for assets such as machinery and inventory were also made by the Group in its financial statements according to the actual operating conditions and in compliance with the requirements of its accounting system, which led to more one-off losses than previous years.

The Group will keep adhering to a prudential financing principle and will, on the other hand, seek other potential businesses for development, for example, utilizing the idle factory areas, by taking an active attitude towards challenges in the future.

APPRECIATION

I would like to express my heart-felt appreciation to all members of the Board, the executives, and all employees of the Group for their dedication and contribution and thank all business partners and shareholders on behalf of the Group for their trust and long-standing support.

FINANCIAL REVIEW

During the year ended 31 December 2019, the Group continued to concentrate on the manufacture and sales of footwear products. For the year ended 31 December 2019, the Group recorded a turnover of US\$4,595,000 (2018: US\$38,965,000) representing 88.2% decrease comparing to 2018.

Loss before taxation of the Group for the year ended 31 December 2019 was US\$21,945,000 (2018: US\$15,362,000), an increase of US\$6,583,000 as compared to the corresponding period in 2018. After accounting for income taxes expense of US\$25,000 (2018: income taxes credit of US\$96,000), resulted a loss after taxation of US\$21,970,000 (2018: US\$15,266,000). Basic loss per share for the year ended 31 December 2019 was 3.01 US cents (2018: 2.09 US cents). Gross margin changed to -143.5% 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 2019, the Group had cash and cash equivalent of US\$12,519,000 (2018: US\$19,441,000). As at 31 December 2019, the Group's solid financial liquidity position was reflected by a healthy current ratio of 2.3 (2018: 3.7) times.

CAPITAL EXPENDITURE

For the year ended 31 December 2019, the Group did not incur any capital expenditure 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.

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

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 2018 and the year ended 31 December 2019.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2019, the Company complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China and Hong Kong to combat the COVID-19 coronavirus outbreak. The unaudited results contained herein have not been agreed by the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including reviewing the unaudited annual results contained herein.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. As at the date of this announcement, the directors expect the announcement of the audited annual results of the Group for the year ended 31 December 2019 which have been agreed with the auditors will be issued by mid-April 2020. The Company will issue further announcement as and when necessary in accordance with the Listing Rules if there are other material development in the completion of the auditing process and the issue of the announcement of the audited annual results of the Group for the year ended 31 December 2019.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The unaudited annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.pegasusinternationalholdings.com.

The 2019 annual report of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2020

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.