Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 676)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITED ANNUAL RESULTS

The board of directors (the "Board") 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 2021 with comparative figures for the corresponding period in 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	2021 US$'000	2020 US$'000
Revenue	3	**7,308**	3,352
Cost of sales and services		**(4,983)**	(2,903)
Gross profit		**2,325**	449
Other income		**569**	340
Other gains and losses		**542**	447
Fair value (decrease) increase of investment properties		**(855)**	3,746
Selling and distribution costs		**(480)**	(332)
General and administrative expenses		**(3,053)**	(3,252)
Other expense		**(170)**	(1,037)
Interest expense on lease liabilities		**(40)**	(41)
(Loss) profit before tax	4	**(1,162)**	320
Tax credit (expense)	5	**205**	(945)
Loss for the year attributable to owners of the Company		**(957)**	(625)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**2,585**	2,863
Items that will not be reclassified subsequently to profit or loss:			
Revaluation increase on buildings		**15,102**	1,113
Revaluation surplus of right-of-use assets transferred to investment properties		**18,330**	14,922
Deferred tax recognised on revaluation of buildings		**(3,776)**	(278)
Deferred tax recognised on revaluation surplus of investment properties reclassified from right-of-use assets transferred to investment properties		**(4,583)**	(3,731)
		25,073	12,026
Other comprehensive income for the year, net of tax		**27,658**	14,889
Total comprehensive income for the year attributable to owners of the Company		**26,701**	14,264
Loss per share	7		
Basic		**US cents (0.13)**	US cents (0.08)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	**2021** **US$'000**	2020 *US$'000*
Non-current assets			
Property, plant and equipment		**19,660**	23,981
Investment properties		**66,601**	27,307
Right-of-use assets		**2,919**	3,561
Accrued rentals	8	**88**	469
Interest in an associate		**–**	–
		89,268	55,318
Current assets			
Inventories		**1,366**	1,435
Trade and other receivables	8	**2,005**	999
Financial assets at fair value through profit or loss ("FVTPL")		**436**	378
Bank balances and cash		**8,780**	9,754
		12,587	12,566
Current liabilities			
Trade and other payables	9	**2,963**	2,738
Lease liabilities		**112**	114
Provision for housing provident fund	10	**1,400**	3,109
Tax payable		**960**	937
		5,435	6,898
Net current assets		**7,152**	5,668
		96,420	60,986
Capital and reserves			
Share capital		**9,428**	9,428
Reserves		**70,188**	43,487
Total equity		**79,616**	52,915
Non-current liabilities			
Deferred tax liabilities		**15,824**	7,307
Lease liabilities		**980**	764
		16,804	8,071
		96,420	60,986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the 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.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

    (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

    (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the Group's financial positions and performance but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* ("HKAS12") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to US$292,000 and US$1,092,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	2021	2020
	US$'000	*US$'000*
Revenue from contracts with customers:		
Manufacture and sales of footwear products	**4,662**	2,070
Revenue from other sources:		
Lease of properties	**2,646**	1,282
Total revenue	**7,308**	3,352

Revenue from manufacturing and sales of footwear

Revenue generated from manufacturing and sales of footwear products is recognised at a point in time. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery). The normal credit period is 60 days upon delivery.

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.

Rental from lease of properties

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The following is an analysis of the Group's revenue and results by operating and reportable segments under HKFRS 8 Operating Segments ("HKFRS 8"), based on information reported to the Company's executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance, which are based on types of goods or services delivered or provided. The Group's operating and reportable segments under HKFRS 8 are as follows:

Segment revenue and results

For the year ended 31 December 2021

	Manufacture and sales of footwear products	**Lease of properties**	**Total**
	US$'000	***US$'000***	***US$'000***
REVENUE	**4,662**	**2,646**	**7,308**
RESULTS			
Segment results	**(489)**	**1,479**	**990**
Unallocated other income			**569**
Unallocated other gains and losses			**542**
Unallocated other expense			**(170)**
Unallocated corporate expenses			**(3,093)**
Loss before tax			**(1,162)**

For the year ended 31 December 2020

	Manufacture and sales of footwear products	Lease of properties	Total
	US$'000	*US$'000*	*US$'000*
REVENUE	2,070	1,282	3,352
RESULTS			
Segment results	(868)	4,731	3,863
Unallocated other income			340
Unallocated other gains and losses			447
Unallocated other expense			(1,037)
Unallocated corporate expenses			(3,293)
Profit before tax			320

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the (loss incurred) profit earned by each segment without allocation of other income, other gains and losses, other expense and unallocated corporate expenses (including general and administrative expenses and interest expense on lease liabilities). This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Revenue from footwear products and lease of properties

The Group's revenue was generated from manufacture and sales of footwear products, and rental income from lease of properties for both years.

Geographical information

The Group's revenue from contracts with customer generated from manufacture and sales of footwear products based on the destination of the goods shipped or delivered, is detailed below:

	2021	2020
	US$'000	*US$'000*
United States of America	**1,438**	829
Morocco	**1,176**	173
Japan	**–**	9
Others	**2,048**	1,059
	4,662	2,070

The Group's rental income generated from lease of properties in the PRC amounted to US$2,646,000 (2020: US$1,282,000).

The Group's operations are located in the PRC and Hong Kong. The information about its non-current assets by geographical location and place of operations are detailed below:

	2021	2020
	US$'000	*US$'000*
PRC	**89,180**	54,849

Information about major customers

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

	2021	2020
	US$'000	*US$'000*
Customer A*	**4,662**	2,070
Customer B	**897**	530
Customer C	**631**	423

* The revenue of the above customers are generated from the manufacturing and sales of footwear products to various locations in North America, Asia and Europe.

4. LOSS (PROFIT) BEFORE TAX

	2021	2020
	US$'000	*US$'000*
(Loss) profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**80**	136
Other staff costs	**2,858**	2,816
Retirement benefits scheme contributions	**217**	110
Total staff costs	**3,155**	3,062
Capitalised in inventories	**(1,435)**	(1,277)
	1,720	1,785
Auditor's remuneration	**191**	198
Cost of inventories recognised as an expense, including provision for housing provident fund	**4,671**	2,606
Depreciation of right-of-use assets	**141**	157
Depreciation of property, plant and equipment	**818**	981
Provision for housing provident fund (included in cost of sales and services)	**154**	48
Gross rental income from investment properties	**(2,646)**	(1,282)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**312**	297
	(2,334)	(985)
and after charging (crediting) to other gains and losses:		
Gain on disposal of property, plant and equipment	**(695)**	(426)
Net (gain) loss on fair value changes of financial assets at FVTPL	**(58)**	187
Reversal of impairment loss recognised in respect of an associate	**–**	(266)
Net foreign exchange loss	**211**	58
and after crediting to other income:		
Government subsidies	**(50)**	(39)
Interest income	**(17)**	(88)
Dividends from financial assets at FVTPL	**(16)**	–
and after charging to other expense:		
Redundancy costs	**170**	1,037

5. TAX (CREDIT) EXPENSE

	2021	2020
	US$'000	*US$'000*
Hong Kong Profits Tax		
Current year	**12**	10
Overprovision in prior years	**(3)**	(2)
	9	8
Deferred taxation	**(214)**	937
	(205)	945

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements and 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%. No provision has been made as the PRC subsidiaries incurred tax losses for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision has been made as the group entities incorporated in these jurisdictions have no assessable profits for both years.

6. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

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$957,000 (2020: US$625,000) and on the number of ordinary shares of 730,650,000 (2020: 730,650,000) in issue during the year.

There are no potential ordinary shares outstanding for each of the two years ended 31 December 2021 and 2020.

8. TRADE AND OTHER RECEIVABLES

	2021	2020
	US$'000	*US$'000*
Trade receivables	**1,195**	591
Prepayment and other deposit	**207**	178
Refundable rental deposit	**33**	28
Accrued rentals	**88**	469
Other receivables	**570**	202
Total trade and other receivables	**2,093**	1,468
Less: accrued rentals shown under non-current assets	**(88)**	(469)
	2,005	999

As at 1 January 2020, trade receivables from contracts with customers amounted to US$959,000.

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:

	2021	2020
	US$'000	*US$'000*
0 – 30 days	**325**	396
31 – 60 days	**861**	193
Over 60 days	**9**	2
Total trade receivables	**1,195**	591

As at 31 December 2021, included in the Group's trade receivables balances are debtors with aggregate carrying amount of US$9,000 (2020: US$2,000) which are past due as at the reporting date. None of the past due balances has been past due for 90 days or more for both years.

The Group's rental income are based on effective accrued rentals after taking into account of rent free period and progressive rentals which are recorded as unbilled rental receivables. Rental receivables are invoiced to tenants on a monthly basis after the rent free period and are due for settlement upon the issuance of invoices.

Accrued rentals of the Group amount to US$88,000 (2020: US$469,000) represented the unbilled rental receivables. Accrued rentals will be collected in more than 1 year and the whole amount are classified under non-current assets.

9. TRADE AND OTHER PAYABLES

	2021	2020
	US$'000	*US$'000*
Trade payables	**266**	198
Accrued payroll	**339**	281
Accrued expenses	**882**	689
Rental deposit received	**1,028**	671
Others	**448**	899
	2,963	2,738

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

	2021	2020
	US$'000	*US$'000*
0 – 30 days	**59**	71
31 – 60 days	**55**	4
Over 60 days	**152**	123
Total trade payables	**266**	198

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 announcement, 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$154,000 (2020: US$48,000) has been made in profit or loss during the year ended 31 December 2021. During the year ended 31 December 2021, claims amounting to US$1,947,000 (2020: US$54,000) has been settled by the Group. The directors of the Company believe that adequate provisions has been made in the Group's consolidated financial statements as at 31 December 2021 and 2020.

FINAL DIVIDEND

The Directors does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

RESULTS REVIEW

Audited Annual Results

I am pleased to present our audited annual results for the year ended 31 December 2021. The Group recorded a net loss after taxation of US$957,000 (2020: US$625,000), and increase of revenue from US$3,352,000 in 2020 to US$7,308,000 in this year. Gross margin changed from 13.4% in 2020 to 31.8% in this year.

Geographical Market

North America remains the largest export market of the Group, accounting for 37.6% of the Group's sales of footwear products, contribution from the European and Asian market and other regions represented 14.3%, 7.1% and 41.0% respectively.

BUSINESS REVIEW AND PROSPECTS

Looking back on 2021, we continued to face a year full of changes. The COVID-19 pandemic, which had already eased, continued to rage due to the emergence of a variant strain, causing an enormous impact to the economy. Despite efforts made to achieve a balance between pandemic prevention and control measures and economic activities in various countries so that general public could return to their normal life, general public lost confidence after the ongoing resurgence of the pandemic in the past two years, and the consumer sentiment for non-essential products became very weak. In view of these, we are not optimistic about the following year. Particularly with an ongoing war in Eastern Europe, the market is full of pessimism in that there are uncertainties as to how long it will last, or even whether it will lead to vicious competition between major powers.

The Group has since last year been leasing domestic idle factories as a new business line, which has achieved good results. During the year, several factories were successfully leased to third parties, contributing to the Group's stable cash flow. Besides continuing to look for new tenants and negotiate lease agreements, the management will try to utilize the existing resources of the Group to explore new sources of income. In terms of shoe exports, orders have increased compared with last year. The sales and production team will implement the Group's years of product quality policy and maintain good relations with existing customers, which constitute as part of the solid business foundation to meet the challenges in this changing market environment.

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

Since the year ended 31 December 2020, in addition to the original business of manufacture and sales of footwear product, the Group commenced the business engaging in lease of properties in the PRC. For the year ended 31 December 2021, the Group recorded a revenue of US$7,308,000 (2020: US$3,352,000) representing 118% increase comparing to 2020.

Loss before taxation of the Group for the year ended 31 December 2021 was US$1,162,000 (2020: profit before taxation of US$320,000), a decrease of US$1,482,000 as compared to the corresponding period in 2020. After accounting for income taxes credit of US$205,000 (2020: income tax expense of US$945,000), resulted a loss after taxation of US$957,000 (2020: US$625,000). Basic loss per share for the year ended 31 December 2021 was 0.13 US cents (2020: 0.08 US cents). Gross margin changed to 31.8% 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 2021, the Group had cash and cash equivalent of US$8,780,000 (2020: US$9,754,000). As at 31 December 2021, the Group did not have any bank borrowing, the management considered that current ratio is a better indicator to reflect the Group's financial position. The current ratio of 2.3 (2020: 1.8) times was derived by the total current assets of US$12,587,000 (2020: US$12,566,000) divided by the total current liabilities of US$5,435,000 (2020: US$6,898,000) as at 31 December 2021.

CAPITAL EXPENDITURE

For the year ended 31 December 2021, 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.

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 2021 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 opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 2021 and the year ended 31 December 2020.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2021, 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 2021.

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 audited consolidated financial statements for the year ended 31 December 2021.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 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 2021 annual report of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 31 March 2022

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.