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PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 676)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 with comparative figures for the corresponding period in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>NOTES</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	3	5,867	6,039
Cost of sales and services		(2,225)	(2,877)
Gross profit		3,642	3,162
Other income		632	1,044
Other gains and losses		268	82
Fair value decrease of investment properties		(2,769)	(713)
Selling and distribution costs		(268)	(309)
General and administrative expenses		(2,640)	(3,093)
Other expense		(586)	(13)
Interest expense on lease liabilities		(35)	(40)
(Loss) profit before tax	4	(1,756)	120
Tax credit	5	696	331
(Loss) profit for the year attributable to owners of the Company		(1,060)	451
Other comprehensive (expense) income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Reclassification of cumulative translation reserve upon deregistration of foreign operations		694	–
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(927)	346
Revaluation (decrease) increase on buildings		(347)	506
Deferred tax recognised on revaluation of buildings		86	(127)
		(494)	725
Total comprehensive (expense) income for the year attributable to owners of the Company		(1,554)	1,176
(Loss) earnings per share	7		
Basic		(US cents 0.15)	US cents 0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>NOTES</i>	<i>US\$'000</i>	<i>US\$'000</i>
Non-current assets			
Property, plant and equipment		18,537	19,534
Investment properties		61,492	64,927
Right-of-use assets		1,980	2,052
Accrued rentals	8	406	439
		82,415	86,952
Current assets			
Inventories		104	342
Trade and other receivables	8	2,786	1,279
Financial assets at fair value through profit or loss (“FVTPL”)		704	585
Time deposits		139	–
Bank balances and cash		8,651	9,858
		12,384	12,064
Current liabilities			
Trade and other payables	9	1,588	2,137
Lease liabilities		79	111
Provision for housing provident fund	10	32	345
Tax payable		611	609
		2,310	3,202
Net current assets		10,074	8,862
		92,489	95,814
Capital and reserves			
Share capital		9,428	9,428
Reserves		66,855	69,352
Total equity		76,283	78,780
Non-current liabilities			
Deferred tax liabilities		15,399	16,345
Lease liabilities		807	689
		16,206	17,034
		92,489	95,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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.

The consolidated financial statements are presented in United States dollars (“USD”), which is different from the Company’s functional currency of Renminbi (“RMB”). For the convenience of the financial statement users, the consolidated financial statements are presented in USD, as the directors considered that USD is a preferred currency to be used in presenting the operating results and financial position of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	2024 US\$’000	2023 US\$’000
Revenue from contracts with customers:		
Manufacture and sales of footwear products	1,499	1,687
Revenue from other sources:		
Lease of properties	4,368	4,352
Total revenue	5,867	6,039

Revenue from manufacturing and sales of footwear

Revenue generated from manufacturing and sales of footwear products is recognised at a point in time.

The Group's contracts with customers for manufacturing and sales of footwear products are based on customer's specification with no alternative use to the Group. Taking into consideration for contract terms, Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specified location.

Transportation and handling activities that occur before the customers obtain control are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss relation to the goods. 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.

Revenue 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. All operating lease payments are fixed for both years.

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 2024

	Manufacture and sales of footwear products US\$'000	Lease of properties US\$'000	Total US\$'000
REVENUE	1,499	4,368	5,867
RESULTS			
Segment results	(563)	1,168	605
Unallocated other income			632
Unallocated other gains and losses			268
Unallocated other expense			(586)
Unallocated corporate expenses			(2,675)
Loss before tax			(1,756)

For the year ended 31 December 2023

	Manufacture and sales of footwear products <i>US\$'000</i>	Lease of properties <i>US\$'000</i>	Total <i>US\$'000</i>
REVENUE	<u>1,687</u>	<u>4,352</u>	<u>6,039</u>
RESULTS			
Segment results	<u>(1,161)</u>	<u>3,301</u>	2,140
Unallocated other income			1,044
Unallocated other gains and losses			82
Unallocated other expense			(13)
Unallocated corporate expenses			<u>(3,133)</u>
Profit before tax			<u>120</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. 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.

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:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
United States of America	704	675
Morocco	457	86
Others	<u>338</u>	<u>926</u>
	<u>1,499</u>	<u>1,687</u>

The Group's rental income generated from lease of properties in the PRC amounted to US\$4,368,000 (2023: US\$4,352,000).

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:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
PRC	82,009	86,513

Information about major customers

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

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Customer A*	1,499	1,687
Customer B**	1,695	1,711
Customer C**	681	722
Customer D**	621	636

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

** The revenue of the above customers is generated from the lease of properties to tenants in the PRC.

4. (LOSS) PROFIT BEFORE TAX

	2024 US\$'000	2023 US\$'000
(Loss) profit before tax has been arrived at after changing:		
Directors' emoluments	129	105
Other staff costs	1,762	2,040
Retirement benefits scheme contributions	133	154
Total staff costs	2,024	2,299
Capitalised in inventories	(512)	(965)
	1,512	1,334
Auditor's remuneration		
– Audit services	215	206
– Non-audit services	29	41
	244	247
Cost of inventories recognised as an expense, including provision for housing provident fund	1,794	2,539
Depreciation of right-of-use assets	261	263
Depreciation of property, plant and equipment	448	865
Provision for housing provident fund (included in cost of sales and services)	2	29
Gross rental income from investment properties	(4,368)	(4,352)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	431	338
Rental income, net	(3,937)	(4,014)
and after (crediting) charging to other gains and losses:		
Net foreign exchange (gain) loss	(683)	53
Gain on disposal of property, plant and equipment	(160)	–
Net gain on fair value changes of financial assets at FVTPL	(119)	(134)
Loss on deregistration of a subsidiary	694	–
and after crediting to other income:		
Interest income	(308)	(301)
Write back of trade and other payables	–	(253)
Dividends from financial assets at FVTPL	(59)	(38)
and after charging to other expense:		
Redundancy costs	586	13

5. TAX CREDIT

	2024 US\$'000	2023 US\$'000
Hong Kong Profits Tax		
Current year	–	6
Overprovision in prior years	(4)	(159)
	(4)	(153)
Deferred taxation	(692)	(178)
	(696)	(331)

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

	2024 US\$'000	2023 US\$'000
Dividends recognised as distribution to ordinary shareholders:		
Final dividend of HK\$0.01 in respect of the year ended		
31 December 2023 (2023: interim dividend of HK\$0.01 in		
respect of the year ended 31 December 2023) per		
ordinary share	943	943

No interim dividend in respect of the year ended 31 December 2024 has been proposed and paid by the directors of the Company (2023: HK\$0.01 per ordinary share). A final dividend of HK\$0.01 per ordinary share in respect of the year ended 31 December 2024 (2023: HK\$0.01) has been proposed by the directors of the Company.

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the loss for the year attributable to owners of the Company of US\$1,060,000 (2023: profit for the year attributable to owners of the Company of US\$451,000) and on the number of ordinary shares of 730,650,000 (2023: 730,650,000) in issue during the year.

There are no potential dilutive ordinary shares outstanding during the two years ended 31 December 2024 and 2023.

8. TRADE AND OTHER RECEIVABLES

	2024 US\$'000	2023 US\$'000
Trade receivables		
– contracts with customers	299	702
– operating lease receivables	1,649	–
	1,948	702
Prepayment and other deposit	224	157
Refundable rental deposit	53	33
Accrued rentals	406	439
Other receivables	561	387
	3,192	1,718
Less: accrued rentals shown under non-current assets	(406)	(439)
	2,786	1,279

As at 1 January 2023, trade receivables from contracts with customers amounted to US\$1,741,000.

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:

	2024 US\$'000	2023 US\$'000
0–30 days	221	411
31–60 days	313	249
Over 60 days	1,414	42
	1,948	702

As at 31 December 2024, included in the Group's trade receivables balances are debtors with aggregate carrying amount of US\$1,414,000 (2023: US\$42,000) which are past due as at the reporting date. Out of the past due balances, US\$1,295,000 (2023: nil) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history, the financial conditions, the current credit worthiness of customers and the forward-looking information.

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\$406,000 (2023: US\$439,000) 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

	2024 US\$'000	2023 US\$'000
Trade payables	11	110
Accrued payroll	271	248
Accrued expenses	319	393
Rental deposit received	634	665
Value-added tax and other tax payables	220	271
Others	133	450
	<u>1,588</u>	<u>2,137</u>

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

	2024 US\$'000	2023 US\$'000
0–30 days	1	34
31–60 days	–	17
Over 60 days	10	59
	<u>11</u>	<u>110</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 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\$2,000 (2023: US\$29,000) has been made in profit or loss during the year ended 31 December 2024. During the year ended 31 December 2024, claims amounting to US\$323,000 (2023: US\$106,000) 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 2024 and 2023.

FINAL DIVIDEND

The Directors are pleased to declare a final dividend of 1.0 HK cent per ordinary share for the year ended 31 December 2024 (2023: 1.0 HK cent) to shareholders whose names appear on the register of members on 12 June 2025. Subject to approval at the forthcoming annual general meeting, the dividend warrants will be sent to shareholders on or before 23 June 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 23 May 2025.

In addition, the register of members of the Company will be closed from Monday, 9 June 2025 to Thursday, 12 June 2025, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 6 June 2025.

RESULTS REVIEW

Audited Annual Results

I am pleased to present our audited annual results for the year ended 31 December 2024. The Group recorded a net loss after taxation of US\$1,060,000 (2023: net profit after taxation of US\$451,000), and decrease of revenue from US\$6,039,000 in 2023 to US\$5,867,000 in this year. Gross margin changed from 52.4% in 2023 to 62.1% in this year.

Geographical Market

North America remains the largest export market of the Group, accounting for 47.0% of the Group's sales of footwear products, contribution from the European and other regions represented 39.3% and 13.7% respectively.

BUSINESS REVIEW AND PROSPECTS

The global landscape remained complex during 2024 under review, as geopolitical tensions continued and international conflicts remained unresolved, with frictions further intensifying. Following the resurgence of trade protectionism, import tariffs has become an instrument for competition among major powers. Furthermore, with high interest rates and inflationary pressures hindering economic recovery, the underperforming European and American markets weakened consumers' purchasing power for durable goods, leading to sluggish market demand.

As a professional exporter of footwear products, the Group faced increasingly cautious inventory management requirements and more conservative ordering from customers. However, owing to the solid cooperative relationships cultivated with customers over the years and our rigorous quality control, the Group successfully maintained customer confidence, stabilizing our order volumes throughout the year. Furthermore, the domestic rental business of idle factories remained steady, providing a stable source of cash income for the Group and contributing to its overall financial stability.

Nevertheless, due to the sluggish property market in Mainland China, the Group recorded a loss for the year due to a decrease in the fair value of our investment properties. The management considers such impairment as an adjustment under the accounting standards, which caused no material impacts on the Group's actual operations or cash flow. Thus, the Group continued to have robust financial conditions.

Looking into 2025, concerns about a global recession continue to rise as the international business environment remains uncertain, and escalations in tariff policies and trade restrictions have severely impacted export order volumes. For responding severe and volatile market environment with cautious optimism, the Group will uphold the principle of prudent financial management and adhere to the core business operations to cope with various risks and challenges and ensure the sustainable and stable development of the enterprise.

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 2024, the Group recorded a revenue of US\$5,867,000 (2023: US\$6,039,000) representing 2.8% decrease comparing to 2023.

Loss before taxation of the Group for the year ended 31 December 2024 was US\$1,756,000 (2023: profit before taxation of US\$120,000), a decrease of US\$1,876,000 as compared to the corresponding period in 2023. After accounting for income taxes credit of US\$696,000 (2023: income tax credit of US\$331,000), resulted a loss after taxation of US\$1,060,000 (2023: profit after taxation of US\$451,000). Basic loss per share for the year ended 31 December 2024 was 0.15 US cents (2023: basic earning per share 0.06 US cents). Gross margin changed to 62.1% 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 2024, the Group had cash and cash equivalent of US\$8,651,000 (2023: US\$9,858,000). As at 31 December 2024, 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 5.4 (2023: 3.8) times was derived by the total current assets of US\$12,384,000 (2023: US\$12,064,000) divided by the total current liabilities of US\$2,310,000 (2023: US\$3,202,000) as at 31 December 2024.

CAPITAL EXPENDITURE

For the year ended 31 December 2024, 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 2024 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 audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement 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 2024 and the year ended 31 December 2023.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2024, the Company complied with all requirements set out in the Code on Corporate Governance Practices contained in the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in 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 2024.

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 2024.

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 2024 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, 28 March 2025

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
Wu Meng Lung

Independent Non-executive Directors:

Lai Jenn Yang, Jeffrey
Huang Hung Ching
Wu Wen Yen