PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 676)

ANNOUNCEMENTS OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

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 30th June, 2008 with comparative figures for the corresponding period in 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

		Six months ended 30th June	
		2008	2007
		(unaudited)	(unaudited)
	Note	***US$'000***	*US$'000*
Revenue		**78,952**	78,066
Cost of sales		**(65,897)**	(65,436)
Gross profit		**13,055**	12,630
Other income		**315**	381
Selling and distribution expenses		**(4,641)**	(4,406)
Administrative expenses		**(6,268)**	(5,634)
Share of loss of associates		**(79)**	(3)
Share of (loss) profit of jointly controlled entities		**(52)**	38
Interest on bank borrowings wholly repayable within five years		**(500)**	(703)
Profit before taxation		**1,830**	2,303
Taxation	*5*	**(291)**	(236)
Profit for the period		**1,539**	2,067
Dividends paid	*6*	**935**	1,414
Earnings per share	*7*		
Basic		**0.21 US cent**	0.28 US cent

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th June, 2008

	NOTES	At 30th June, 2008 (unaudited) US$'000	At 31st December, 2007 (audited) US$'000
Non-current assets			
Property, plant and equipment	8	**66,172**	66,691
Prepaid lease payments		**6,149**	5,980
Interests in associates		**685**	764
Interests in jointly controlled entities		**2,327**	2,347
		75,333	75,782
Current assets			
Inventories		**49,771**	52,305
Trade and other receivables	9	**13,268**	13,506
Prepaid lease payments		**161**	155
Amount due from an associate		**29**	24
Derivative financial instrument		**–**	183
Bank balances and cash		**13,346**	11,395
		76,575	77,568
Current liabilities			
Trade and other payables	10	**12,174**	13,283
Tax liabilities		**981**	938
Unsecured bank borrowings – due within one year		**12,385**	11,780
		25,540	26,001
Net current assets		**51,035**	51,567
		126,368	127,349
Capital and reserves			
Share capital	11	**9,428**	9,428
Share premium and reserves		**106,766**	102,726
Total equity		**116,194**	112,154
Non-current liabilities			
Unsecured bank borrowings – due after one year		**7,685**	12,705
Deferred tax liabilities		**2,489**	2,490
		10,174	15,195
		126,368	127,349

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance 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") and with Hong Kong Accounting Standard 34, Interim Financial Reporting.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instructions, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2007.

In the current interim period, the Group has applied, for the first time, new interpretations ("New Interpretations") issued by, the Hong Kong Institutes of Certified Public Accountants, which are effective for the Group's financial year beginning on 1st January, 2008.

The adoption for these New Interpretations had no material effect on the results or financial position of the Group for the current or prior periods. Accordingly, no prior period adjustment has been recognized.

3. SEGMENT INFORMATION

Geographical segments

For management purposes, the Group is currently organised into three major geographical segments based on the location of its customers. These segments are the basis on which the Group reports its primary segment information.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

Six months ended 30th June, 2008

	North America	Asia	Europe	Others	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE					
External sales	**36,871**	**18,064**	**21,840**	**2,177**	**78,952**
RESULTS					
Segment results	**5,301**	**1,893**	**3,140**	**314**	**10,648**
Other income					**315**
Unallocated corporate expenses					**(8,502)**
Share of loss of associates					**(79)**
Share of loss of jointly controlled entities					**(52)**
Interest on bank borrowings wholly repayable within five years					**(500)**
Profit before taxation					**1,830**
Taxation					**(291)**
Profit for the period					**1,539**

Six months ended 30th June, 2007

	North America *US$'000*	Asia *US$'000*	Europe *US$'000*	Others *US$'000*	Consolidated *US$'000*
REVENUE					
External sales	39,824	15,624	20,384	2,234	78,066
RESULTS					
Segment results	5,554	1,569	2,843	312	10,278
Other income					381
Unallocated corporate expenses					(7,688)
Share of loss of associates					(3)
Share of profit of jointly controlled entities					38
Interest on bank borrowings wholly repayable within five years					(703)
Profit before taxation					2,303
Taxation					(236)
Profit for the period					2,067

Business segments

No analysis of financial information by business segment is presented as all the Group's turnover and trading results are generated from the manufacture and sales of footwear products.

4. PROFIT BEFORE TAXATION

	Six months ended 30th June	
	2008	2007
	US$'000	*US$'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**481**	535
Other staff costs	**21,363**	19,805
Retirement benefits scheme contributions (excluding contributions in respect of directors)	**1,255**	982
Total staff costs	**23,099**	21,322
Auditors' remuneration	**72**	45
Depreciation and amortisation of property, plant and equipment	**3,365**	3,590
and after crediting:		
Interest income	**96**	173

5. TAXATION

	Six months ended 30th June	
	2008	2007
	US$'000	*US$'000*
Current taxation:		
Hong Kong	**1**	1
PRC	**289**	234
Taiwan	**1**	1
Taxation attributable to the Company and its subsidiaries	**291**	236

Hong Kong Profits Tax is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The estimated average annual tax rate used is 16.5% (2007:17.5%) for the six month ended 30th June, 2008.

On 16th March, 2007, the People's Republic of China (the "PRC") promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group's subsidiaries from 1st January, 2008.

Certain subsidiaries are eligible for certain tax concession and are exempted from income tax.

6. DIVIDENDS

On 12th June, 2008, a dividend of HK1 cent per share (2007: HK1.5 cents) was paid to shareholders as the final dividend for 2007.

The directors have determined that an interim dividend of HK0.5 cent per share (2007: HK1 cent) should be paid to the shareholders of the Company whose name appear on the Register of Member on 17th October, 2008.

7. EARNINGS PER SHARE

For the six months ended 30th June, 2008, the calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of US$1,539,000 (six months ended 30th June, 2007: US$2,067,000) and on the weighted average number of 730,700,000 (2007: 730,700,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30th June, 2008 and 2007 have been presented because there are no potential dilutive ordinary shares outstanding.

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately US$558,000 (six months ended 30th June, 2007: US$1,257,000) 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 the Group's trade receivables net of allowance for doubtful debts at the balance sheet date:

	30th June, 2008	31st December, 2007
	US$'000	*US$'000*
0-30 days	**9,706**	9,891
31-60 days	**644**	694
over 60 days	**165**	149
Total trade receivables	**10,515**	10,734
Other receivables	**2,753**	2,772
	13,268	13,506

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	30th June, 2008	31st December, 2007
	US$'000	*US$'000*
0-30 days	**4,824**	4,312
31-60 days	**503**	1,138
over 60 days	**973**	1,214
Total trade payables	**6,300**	6,664
Other payables	**5,874**	6,619
	12,174	13,283

11. SHARE CAPITAL

	Number of shares	**Amount**
		US$'000
Authorised		
Ordinary shares of HK$0.10 each		
At 1st January, 2007, 31st December, 2007 and 30th June, 2008	1,500,000,000	19,355
Convertible non-voting preference shares of US$100,000 each		
At 1st January, 2007, 31st December, 2007 and 30th June, 2008	150	15,000
		34,355
Issued and fully paid		
Ordinary shares of HK$0.10 each		
At 1st January, 2007, 31st December, 2007 and 30th June, 2008	730,700,000	9,428

12. COMMITMENTS

	30th June, 2008 *US$'000*	31st December, 2007 *US$'000*
Contracted for but not provided in the financial statements:		
– use of copyright licence (note)	**435**	1,233

Note: The Group entered into agreements with licensors to obtain licenses to use certain materials and trademarks in a number of merchandising activities for several years. Pursuant to the agreements, the Group agreed to pay royalties to the licensors which are based on certain fixed percentages of the selling prices for items sold.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of 0.5 Hong Kong cent per ordinary share for the six months ended 30th June, 2008 to shareholders whose names appear on the register of members on 17th October, 2008. The dividend warrants will be sent to shareholders on or before 24th October, 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14th October, 2008 to Friday, 17th October, 2008, 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 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 13th October, 2008.

FINANCIAL REVIEW

During the six months ended 30th June, 2008, the Group continued to concentrate on the manufacture and sales of footwear products. For the six months ended 30th June, 2008, the Group achieved a turnover of US$78,952,000 (2007: US$78,066,000) despite the continuously changing operating environment.

Profit of the Group for the six months ended 30th June, 2008 was US$1,539,000 (2007: US$2,067,000). Basic earnings per share for the six months ended 30th June, 2008 was 0.21 US cents (2007: 0.28 US cents). The group maintained its gross profit margin at approximately 16% for both periods.

BUSINESS REVIEW AND FUTURE PROSPECTS

Manufacturing Industry

The serious challenges continuously being faced by the shoemaking industry nowadays are the substantial increase in labour costs, continuous appreciation of Renminbi and ongoing surge in prices of raw materials. These challenges place even more pressure on export-oriented enterprises. Faced with such an operating environment, the Group enjoys the advantage of financing with its own resources. The Group insists in consolidating and improving its management. Outstanding talents are acquired to establish a highly efficient and collaborative team. In order to create added value for our customers, the Group never interrupts its course of innovations. High value, high quality and premium services have been delivered, which are instrumental to building the confidence among customers for long-term cooperation. The Group also establishes itself as the benchmark of shoemaking industry and allows itself to fulfill the mission of operating a sustainable business.

Domestic Sales Market

The Company established wholly-owned sales counters at more than 100 first class shopping centres at Beijing, Shanghai, Chengdu, Chongqing, Wuhan, Guangzhou, Shenzhen as well as more than ten second tier cities in China. Sales were conducted domestically through channels such as franchising and distribution. Currently, sales outlets increase from 1,100 to 1,300. Average results from a single sale outlet also increased significantly.

The domestic sales market is mainly comprised of the manufacturing and sales of footwear and clothing products with exclusive agency rights for sales and distribution in China. These products come from a number of internationally well-known brands, including kid's footwear like Nike, Adidas, Disney (including Mickey, Minine collection, Princess collection, Winnie the Pooh collection, Toy Stories), Ecco, Crocs, etc. and adult's brand-names like Speedwell, Slazenger, IF and Projekt4, which are sold in different market channels respectively.

Brand	**Channels**	**Positioning**	**Age Group**	**Product portfolio**
Speedwell	Exclusive counters, shop-in-shop, Specialty store	City-chic, uptown, leisure	22-28	Each of men's and women's footwear accounted for 50%
Magic House	Exclusive counters, shop-in-shop, Specialty store	Kid's shoes megastores with different brands	0-12	Character brands (Magic House, Winnie the Pooh, Mickey, Minnie, Princess, Toy Stories, Doraemon) accounted for 70% and other international brands accounted for 30%
Slazenger	Exclusive counters, shop-in-shop, Specialty store	Professional sports	18-35	Each of men's and women's clothing, footwear and sports equipment accounted for 50%
IF/Projekt4	Exclusive counters, shop-in-shop, Specialty store	Men's formal and leisure wear	28-40	Men's formal and leisure leather footwear
Kid's E-look	Exclusive counters	Kid's shoes megastores with international brands	3-12	Kid's footwear from international brands such as Nike, Adidas, Ecco, New Balance and Crocs

The Group will continue to invest and expand the domestic sales market. In the meantime, the market will be further segmented. The Group has successively established several subsidiaries and branches according to different brands, different target consumer groups and different sales channels. The operation of offices located at Guangzhou, Shenzhen, Beijing, Shanghai, Chengdu, Chongqing and Wuhan had became relatively mature, which were significant to the management of wholly-owned sales counters, establishment of brand image and promotion of franchising operation.

Future Prospects

Our export businesses still faced serious challenges. The Group will continue to enhance the efficiency of internal management, improve the qualities of products and services, and secure the confidence of its cooperation partners for long-term cooperation on the basis of fidelity and assertiveness. Operation strategies will be formulated for effective operation and resources integration. Competitiveness of the Group will thus be enhanced, which will then fulfill its long-term development goals.

With the rapid development of urban construction projects in China, disposable income of the people will increase. There will be enormous potential in the domestic sales market with the privileges offered by the government to domestic sales enterprises. This, together with the promotion of sports and fitness training for people through the Olympics, sports and fitness will become more popular. The Group will develop footwear that are more environmentally friendly, with health related functions and of high quality, which can satisfy the market demand at large. The Group will also conduct in-depth integration of resources in the market, brands, products and channels for further exploration of the domestic sales market in China.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2008, the Group's total net assets was US$116,194,000, comprising mainly current assets of US$76,575,000, non-current assets of US$75,333,000, current liabilities of US$25,540,000 and non-current liabilities of US$10,174,000. The current ratio was approximately 3.0 times and the ratio of net bank borrowings to shareholders' fund was approximately 5.8%. 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 30th June, 2008, 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 throughout the six months ended 30th June, 2008 with the code provisions set out in the Code on Governance Report contained in Appendix 14 to the Listing Rules.

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 with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

By Order of the Board
Wu Chen San, Thomas
Chairman

Hong Kong, 22nd September, 2008

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