PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 676)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2008

RESULTS

The Board of Directors (the "Directors") of Pegasus International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2008 with comparative figures for the corresponding period in 2007.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2008

	NOTES	**2008** *US$'000*	2007 *US$'000*
Revenue	3	**148,114**	149,875
Cost of sales		**(124,155)**	(127,070)
Gross profit		**23,959**	22,805
Other income		**1,135**	1,667
Selling and distribution costs		**(9,974)**	(8,920)
Administrative expenses		**(11,688)**	(11,323)
Share of loss of an associate		**(158)**	(180)
Share of loss of a jointly controlled entity		**(458)**	(164)
Interest on bank borrowings wholly repayable within five years		**(862)**	(1,427)
Profit before taxation	4	**1,954**	2,458
Taxation	5	**(388)**	(363)
Profit for the year		**1,566**	2,095
Dividends paid	6	**1,403**	2,349
Earnings per share	7		
Basic		**0.21 US cents**	0.29 US cents

CONSOLIDATED BALANCE SHEET

AT 31ST DECEMBER, 2008

	NOTES	2008 US$'000	2007 US$'000
Non-current assets			
Property, plant and equipment		**65,436**	66,691
Prepaid lease payments		**6,226**	5,980
Interests in an associate		**606**	764
Interests in a jointly controlled entity		**1,942**	2,347
		74,210	75,782
Current assets			
Prepaid lease payments		**165**	155
Inventories		**53,858**	52,305
Trade and other receivables	*8*	**11,123**	13,506
Amount due from an associate		**2**	24
Derivative financial instruments		**–**	183
Bank balances and cash		**12,856**	11,395
		78,004	77,568
Current liabilities			
Trade and other payables	*9*	**14,280**	13,283
Tax payable		**1,011**	938
Unsecured bank borrowings – due within one year		**8,095**	11,780
Derivative financial instruments		**159**	–
		23,545	26,001
Net current assets		**54,459**	51,567
		128,669	127,349
Capital and reserves			
Share capital		**9,428**	9,428
Share premium and reserves		**109,898**	102,726
Total equity		**119,326**	112,154
Non-current liabilities			
Unsecured bank borrowings – due after one year		**6,865**	12,705
Deferred tax liabilities		**2,478**	2,490
		9,343	15,195
		128,669	127,349

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out in note 3 to the annual report.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting 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 and by the Hong Kong Companies Ordinance.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[7]

[1] *Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009*
[2] *Effective for annual periods beginning on or after 1st January, 2009*
[3] *Effective for annual periods beginning on or after 1st July, 2009*
[4] *Effective for annual periods ending on or after 30th June, 2009*
[5] *Effective for annual periods beginning on or after 1st July, 2008*
[6] *Effective for annual periods beginning on or after 1st October, 2008*
[7] *Effective for transfers on or after 1st July, 2009*

The directors of the Group anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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 bases on which the Group reports its primary segment information.

The following is an analysis of the Group's sales by geographical market based on the destination of the goods shipped or delivered irrespective of the origin of the goods:

2008

	North America *US$'000*	**Europe** *US$'000*	**Asia** *US$'000*	**Others** *US$'000*	**Consolidated** *US$'000*
REVENUE					
External sales of goods	**78,075**	**33,533**	**32,064**	**4,442**	**148,114**
RESULTS					
Segment results	**10,554**	**4,532**	**3,064**	**601**	**18,751**
Other income					**1,135**
Unallocated corporate expenses					**(16,454)**
Share of loss of an associate	**–**	**–**	**(158)**	**–**	**(158)**
Share of loss of a jointly controlled entity	**–**	**–**	**(458)**	**–**	**(458)**
Interest on bank borrowings wholly repayable within five years					**(862)**
Profit before taxation					**1,954**
Taxation					**(388)**
Profit for the year					**1,566**

	North America US$'000	Europe US$'000	Asia US$'000	Others US$'000	Consolidated US$'000
BALANCE SHEET					
ASSETS					
Segment assets	–	–	–	–	136,808
Interests in an associate	–	–	606	–	606
Interests in a jointly controlled entity	–	–	1,942	–	1,942
Unallocated corporate assets					12,858
Consolidated total assets					152,214
LIABILITIES					
Unallocated corporate liabilities and consolidated total liabilities					32,888

	North America US$'000	Europe US$'000	Asia US$'000	Others US$'000	Unallocated US$'000	Consolidated US$'000
OTHER INFORMATION						
Impairment loss on trade receivables	34	–	–	–	–	34
Capital additions	–	–	–	–	1,991	1,991
Release of prepaid lease payments	–	–	–	–	165	165
Depreciation of property, plant and equipment	–	–	–	–	6,231	6,231

2007

	North America US$'000	Europe US$'000	Asia US$'000	Others US$'000	Consolidated US$'000
REVENUE					
External sales of goods	76,174	38,436	30,292	4,973	149,875
RESULTS					
Segment results	9,714	4,902	2,857	633	18,106
Other income					1,667
Unallocated corporate expenses					(15,544)
Share of loss of an associate	–	–	(180)	–	(180)
Share of loss of a jointly controlled entity	–	–	(164)	–	(164)
Interest on bank borrowings wholly repayable within five years					(1,427)
Profit before taxation					2,458
Taxation					(363)
Profit for the year					2,095

	North America US$'000	Europe US$'000	Asia US$'000	Others US$'000	Consolidated US$'000
BALANCE SHEET					
ASSETS					
Segment assets	–	–	–	–	138,637
Interests in an associate	–	–	764	–	764
Interests in a jointly controlled entity	–	–	2,347	–	2,347
Unallocated corporate assets					11,602
Consolidated total assets					153,350
LIABILITIES					
Unallocated corporate liabilities and consolidated total liabilities					41,196

	North America US$'000	Europe US$'000	Asia US$'000	Others US$'000	Unallocated US$'000	Consolidated US$'000
OTHER INFORMATION						
Impairment loss on trade receivables	162	–	–	–	–	162
Capital additions	–	–	–	–	2,481	2,481
Release of prepaid lease payments	–	–	–	–	153	153
Depreciation of property, plant and equipment	–	–	–	–	7,026	7,026

Segment assets consist of property, plant and equipment, prepaid lease payments, inventories and trade and other receivables. They are not directly attributable to each location of customer and cannot be allocated to geographical segments on a reasonable basis.

The Group's operations are located in the People's Republic of China ("PRC"), Hong Kong and Taiwan.

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, as analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2008	2007	**2008**	2007
	US$'000	*US$'000*	***US$'000***	*US$'000*
PRC	**128,372**	127,549	**1,991**	2,481
Hong Kong	**8,345**	10,963	**–**	–
Taiwan	**91**	125	**–**	–
	136,808	138,637	**1,991**	2,481

Business segments

No analysis of financial information by business segment is presented as over 90% of the Group's turnover and trading results are generated from the manufacture and sale of footwear products.

4. Profit before taxation

	2008	2007
	US$'000	*US$'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**831**	950
Other staff costs	**40,779**	41,636
Retirement benefits scheme contributions (excluding contributions in respect of directors)	**2,647**	2,132
Total staff costs	**44,257**	44,718
Auditor's remuneration	**163**	118
Cost of inventories recognised as an expense	**124,155**	127,070
Depreciation of property, plant and equipment	**6,231**	7,026
Impairment loss on trade receivables	**34**	162
Loss on fair value changes of derivative financial instruments (included in administrative expenses)	**342**	–
Net foreign exchange losses	**442**	179
Release of prepaid lease payments (included in administrative expenses)	**165**	153
and after crediting to other income:		
Gain on fair value changes of derivative financial instruments	**–**	183
Gain on fair value changes of held for trading investments	**37**	188
Interest income	**212**	376

5. Taxation

	2008	2007
	US$'000	*US$'000*
Current taxation:		
Hong Kong	**–**	32
PRC	**388**	407
Taiwan	**2**	29
	390	468
Overprovision in prior years:		
Hong Kong	**(2)**	(1)
PRC	**–**	(155)
	(2)	(156)
Deferred tax		
Attributable to a change in tax rate	**–**	51
Taxation attributable to the Group	**388**	363

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

On 16th March, 2007, 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 Regulations of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 27% or 33% to 25% from 1st January, 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC are 25% for the year ended 31st December, 2008 (2007: ranged from 12% to 33%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Save as disclosed above, in the opinion of the directors, the Group is not subject to taxation in any other jurisdictions.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2008	2007
	US$'000	*US$'000*
Profit before taxation	**1,954**	2,458
Tax at the domestic income tax rate of 25% (2007: 33%)	**489**	811
Tax effect of share of losses of an associate/ a jointly controlled entity	**154**	113
Tax effect of expenses not deductible for tax purposes	**687**	681
Tax effect of income not taxable for tax purposes	**(1,087)**	(1,657)
Overprovision in prior years	**(2)**	(156)
Tax effect of tax losses/deductible temporary differences not recognised	**307**	394
Effect of tax concessions granted to PRC subsidiaries	**–**	(123)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(160)**	249
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**–**	51
Tax charge for the year	**388**	363

note: The domestic tax rate in the jurisdiction where the operations of the Group is substantially based is used.

6. Dividends paid

	2008 *US$'000*	2007 *US$'000*
Dividends recognised as a distribution during the year:		
Final, paid – HK1 cent for 2007 (2006: HK1.5 cents) per share	**935**	1,414
Interim, paid – HK0.5 cent for 2008 (2007: HK1 cent) per share	**468**	935
	1,403	2,349

For the year ended 31st December, 2008, the directors do not recommend the payment of a final dividend.

7. Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to shareholders of the Company of US$1,566,000 (2007: US$2,095,000) and on 730,700,000 (2007: 730,700,000) ordinary shares in issue during the year.

No diluted earnings per share for the years ended 31st December, 2008 and 2007 have been presented because there are no potential dilutive ordinary shares outstanding.

8. Trade and other receivables

	2008 *US$'000*	2007 *US$'000*
Trade receivables	**9,362**	10,734
Other receivables	**1,761**	2,772
Total trade and other receivables	**11,123**	13,506

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 at the balance sheet date:

	2008 *US$'000*	2007 *US$'000*
0-30 days	**8,070**	9,891
31-60 days	**1,166**	694
Over 60 days	**126**	149
Total trade receivables	**9,362**	10,734

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Limits attributed to customers are reviewed periodically. 99% (2007: 99%) of the trade receivables that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of US$126,000 (2007: US$52,000) which were past due at the reporting date but for which the Group has not provided for an impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2008	2007
	US$'000	*US$'000*
61-90 days	**114**	–
91-120 days	**11**	52
Over 121 days	**1**	–
Total	**126**	52

The Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

9. Trade and other payables

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

	2008	2007
	US$'000	*US$'000*
0-30 days	**3,829**	4,312
31-60 days	**661**	1,138
Over 60 days	**557**	1,214
Total trade payables	**5,047**	6,664
Other payables	**9,233**	6,619
	14,280	13,283

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 within the credit timeframe.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31st December, 2008 (2007: HK1 cent).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday 18th May, 2009 to Tuesday 19th May, 2009, both days inclusive, during which no transfer of shares will be registered.

In order to qualify for attending and voting at the annual general meeting of the Company to be held on 20th May, 2009, 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 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later that 4:30 p.m. on Friday 15th May, 2009.

RESULTS REVIEW

Results

For the year ended 31st December, 2008, the turnover for the year amounted to US$148,114,000, representing a slight decrease of 1.2% comparing to US$149,875,000 over the corresponding period in 2007. Profit for the year amounted to US$1,566,000, representing a decrease of US$529,000 comparing to US$2,095,000 over the corresponding period in 2007.

Geographical Market Segments

North America remained the largest export market of the Group, accounting for 52.7% of its turnover for 2008. Turnover contribution from the European and Asian markets and other regions represented 22.7%, 21.6% and 3% respectively.

BUSINESS REVIEW

Manufacturing Industry

2008 was a challenging year for every sector and for all players all over the world. The overall economic environment was deteriorating during 2008 as a result of the US subprime mortgage crisis and the outbreak of the financial tsunami. Added to this global crisis were other challenges such as the rising domestic labor costs and the increase in other costs. All these factors posed tremendous challenges for the manufacturing industry.

Facing such external volatility and grim global economic and financial environment, the Group actively adopted a number of measures. On the basis of consolidating the business foundation and maintaining a sound product mix, the Group endeavor to refine management and continued to capitalize on its product strengths and product development. In enhancing production efficiency and reducing production cycle, the Group also strived to lower the labor costs and consumption of raw materials.

The economic recession is a period of consolidation. The Group believes that we are able to overcome these economic challenges and grow stronger afterwards. Meanwhile, the Group will pursue prudent financial management, maintain sufficient liquidity and lower bank borrowings. Besides, the Group will not engage in any high risk or speculation activities.

Domestic Sales Market

Despite the global financial tsunami, the Group attained stable and healthy growth in terms of domestic sales. The Group believes that China will most probably achieve a faster pace of recovery from the financial meltdown than other countries. Currently, the Group has established offices in cities such as Beijing, Shanghai, Shenzhen, Guangzhou, Chongqing and Chengdu etc. and opened sales counters in more than 100 first class department stores covering more than 10 major cities nationwide and owned more than 1,000 points of sales through agents and franchisees. In addition, the Group entered into licensing contracts with a number of world's renowned brand owners. The Group acquired the licensing right for the production and sales of Disney footwear products and acted as the exclusive licensee for the production and sales of Slazenger branded footwear products, apparel and accessories.

Besides, as the specialty stores of "Kid's E-look", which owns internationally famous brands of kids' footwear products such as Nike, Adidias, New Balance, Ecco and Crocs commenced operations, it became another source of business growth for the Group. In 2008, the business of Kid's E-look and Slazenger both recorded over 100% growth as compared to that in 2007. On the other hand, the proprietary and wholesale business of the kids' footwear products also showed steady growth.

SOCIAL RESPONSIBILITY

The Group makes perpetual operation as its objective for corporate development, aims to repay the society and bear its corporate social responsibility. We continue to drive and reinforce our corporate governance, establish a transparent management system for our shareholders and staff members, and strengthen our corporate culture and development so as to create a safe working environment and a comfortable living environment. In addition, we set up a large scale training centre to provide training of culture knowledge and career techniques, in order to enhance the cultural standard and career discipline of the staff. In terms of our society contributions, we continue to provide employment opportunities for the disabled.

FUTURE PROSPECTS

The year of 2009 will definitely continue to take an uphill journey. Despite of the fact that the economies of the US and Europe are expected to recover after a considerable period of time, there remain growth opportunities in China. We strongly believe that our business will see room for growth. As the domestic demand continues to increase, the Group will continue to allocate more resources to develop the domestic sales market and accelerate the expansion of the extensive market in China targeting at the highly segregated markets and niche markets through various distribution channels.

With regards to the export sales business, the slowdown in USD/RMB appreciation also helps lower the costs. Moreover, under the assistance of the nation's policies, the upward adjustment of the export tax refund rate is expected to continue. Coupled with the favorable factors such as falling global oil prices and raw materials prices, the Group is able to reduce the overall costs of production. Accordingly, the Group is confident that we are able to maintain steady business growth and strengthen our capabilities leverage on our solid foundation so as to maintain competitiveness.

CONCLUSION

The Group will continue to gain confidence from our business partners in long-term cooperation with its faith and pioneering spirit, and will strive to enhance the Group's competitiveness with its lean operation and resources integration, with a view to realise its objective of long-term development.

FINANCIAL REVIEW

During the year ended 31st December, 2008, the Group continued to concentrate on the manufacture and sales of footwear products. For the year ended 31st December, 2008, the Group achieved a turnover of US$148,114,000 (2007: US$149,875,000) representing 1.2% drop comparing to 2007.

Profit of the Group for the year ended 31st December, 2008 dropped by 25% to US$1,566,000 (2007: US$2,095,000). Basic earnings per share for the year ended 31st December, 2008 was 0.21 US cents (2007: 0.29 US cents). Due to the streamlining of the manufacturing process to enhance the operating efficiency, gross profit margin raised from 15.2% in 2007 to 16.2% in 2008. In addition, the Group had exercised very tight cost control over the selling and distribution costs and administrative expenses.

During the worldwide financial turmoil, the Group had concentrated its resources to reduce costs, and to strengthen its cash flow management. Trade receivables were reviewed regularly to ensure that were neither past due nor impaired. Spending and capital expenditure, other than necessary, were greatly controlled. With a result, the Group had successfully reduced its bank borrowings by US$9,525,000 in 2008 as compared to 2007. This, together with the decrease in bank borrowing interest rates during the year, helped to reduce the interest expenses by US$565,000.

The Group will continue to observe this conservative approach to lower its gearing level. In this way, we believe the Group's financial position will even be healthier, especially, during the time the credit crunch problem still exists in the banking industry.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its business needs with internal cash flows. The Group maintained a stable finance position. As at 31st December, 2008, the Group had cash and cash equivalent of US$12,856,000 (2007: US$11,395,000) and total borrowings of US$14,960,000 (2007: US$24,485,000). The ratio of net bank borrowing to total equity remained at a healthy level of approximately 1.76% (2007: 11.7%). As at 31st December, 2008, the Group had a strong financial liquidity position as revealed by a current ratio of 3.3 (2007: 3.0) times.

CAPITAL EXPENDITURE

For the year ended 31st December, 2008, the Group incurred US$1,991,000 in capital expenditure, of which approximately 50% was 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 balance sheet, consolidated income statement and the related notes thereto for the year ended 31st December, 2008 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 assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year ended 31st December, 2008, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the financial year ended 31st December, 2008, the Company complied with all requirements set out in the Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 31st December, 2008.

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 audited consolidated financial statements for the year ended 31st December, 2008.

By Order of the Board
Wu Chen San, Thomas
Chairman

Hong Kong, 20th April, 2009

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.

The electronic version of this announcement will be published on the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (www.pegasusinternationalholdings.com).