PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 676)

ANNOUNCEMENTS OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

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, 2009 with comparative figures for the corresponding period in 2008.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

		Six months ended 30th June,	
		2009	2008
		(unaudited)	(unaudited)
	NOTES	***US$'000***	*US$'000*
Revenue		**58,548**	78,952
Cost of sales		**(49,433)**	(65,897)
Gross profit		**9,115**	13,055
Other income		**158**	315
Selling and distribution costs		**(4,007)**	(4,641)
Administrative expenses		**(4,129)**	(6,268)
Share of profit (loss) of an associate		**3**	(79)
Share of loss of a jointly controlled entity		**(225)**	(52)
Interest on bank borrowings wholly repayable within five years		**(129)**	(500)
Profit before taxation		**786**	1,830
Taxation	5	**(157)**	(291)
Profit for the period		**629**	1,539
Other comprehensive income			
Exchange differences arising on translation of foreign operation		**(302)**	3,404
Share of reserve of a jointly controlled entity		**–**	32
Other comprehensive (loss) income for the period		**(302)**	3,436
Total comprehensive income for the period		**327**	4,975
Dividends paid	6	**–**	935
Earnings per share	7		
Basic		**0.09 US cent**	0.21 US cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2009

	NOTES	At 30th June, 2009 (unaudited) US$'000	At 31st December, 2008 (audited) US$'000
Non-current assets			
Property, plant and equipment	8	**62,693**	65,436
Prepaid lease payments		**6,144**	6,226
Interests in an associate		**610**	606
Interests in a jointly controlled entity		**1,613**	1,942
		71,060	74,210
Current assets			
Prepaid lease payments		**165**	165
Inventories		**46,249**	53,858
Trade and other receivables	9	**6,214**	11,123
Amount due from an associate		**–**	2
Bank balances and cash		**22,043**	12,856
		74,671	78,004
Current liabilities			
Trade and other payables	10	**11,749**	14,280
Tax payable		**1,164**	1,011
Unsecured bank borrowings – due within one year		**6,867**	8,095
Derivative financial instruments		**–**	159
		19,780	23,545
Net current assets		**54,891**	54,459
		125,951	128,669
Capital and reserves			
Share capital	11	**9,428**	9,428
Share premium and reserves		**110,225**	109,898
Total equity		**119,653**	119,326
Non-current liabilities			
Unsecured bank borrowings – due after one year		**3,820**	6,865
Deferred tax liabilities		**2,478**	2,478
		6,298	9,343
		125,951	128,669

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 instruments, 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 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2009.

Presentation of financial statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. The adoption of HKAS 1 (Revised 2007), however, has no impact on the reported results on financial position of the Group.

Segment information

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach.

The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The Group's segment information was consistently reported as geographical segments by location of customers (see note 3).

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

2. PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

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

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 based on the destination of the goods shipped or delivered, irrespective of the origin of the goods.

Six months ended 30th June, 2009

	North America	Asia	Europe	Others	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE					
External sales of goods	**24,669**	**20,054**	**11,607**	**2,218**	**58,548**
RESULTS					
Segment results	**3,005**	**1,978**	**1,414**	**270**	**6,667**
Other income					**158**
Unallocated corporate expenses					**(5,688)**
Share of profit of an associate					**3**
Share of loss of a jointly controlled entity					**(225)**
Interest on bank borrowings wholly repayable within five years					**(129)**
Profit before taxation					**786**
Taxation					**(157)**
Profit for the period					**629**

3. SEGMENT INFORMATION *(Continued)*

Six months ended 30th June, 2008

	North America *US$'000*	Asia *US$'000*	Europe *US$'000*	Others *US$'000*	Consolidated *US$'000*
REVENUE					
External sales of goods	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 an associate					(79)
Share of loss of a jointly controlled entity					(52)
Interest on bank borrowings wholly repayable within five years					(500)
Profit before taxation					1,830
Taxation					(291)
Profit for the period					1,539

4. PROFIT BEFORE TAXATION

	Six months ended 30th June, 2009 *US$'000*	2008 *US$'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**232**	481
Other staff costs	**15,179**	21,363
Retirement benefits scheme contributions (excluding contributions in respect of directors)	**1,031**	1,255
Total staff costs	**16,442**	23,099
Auditors' remuneration	**72**	72
Depreciation of property, plant and equipment	**3,124**	3,365
and after crediting to other income:		
Interest income	**65**	96

5. TAXATION

	Six months ended 30th June,	
	2009	2008
	US$'000	*US$'000*
Current taxation:		
Hong Kong	**–**	1
PRC	**156**	289
Taiwan	**1**	1
Taxation attributable to the Group	**157**	291

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current and prior periods.

The relevant tax rates for the Group's subsidiaries in the People's Republic of China are 25% for the current and prior periods.

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

6. DIVIDENDS

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend.

7. EARNINGS PER SHARE

For the six months ended 30th June, 2009, the calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of US$629,000 (six months ended 30th June, 2008: US$1,539,000) and on the weighted average number of 730,700,000 (2008: 730,700,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30th June, 2009 and 2008 have been presented because there are no potential dilutive ordinary shares outstanding.

8. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately US$381,000 (six months ended 30th June, 2008: US$558,000) 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 reporting date:

	30th June, 2009	31st December, 2008
	US$'000	*US$'000*
0-30 days	**3,665**	8,070
31-60 days	**143**	1,166
Over 60 days	**184**	126
Total trade receivables	**3,992**	9,362
Other receivables	**2,222**	1,761
	6,214	11,123

10. TRADE AND OTHER PAYABLES

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

	30th June, 2009	31st December, 2008
	US$'000	*US$'000*
0-30 days	**3,666**	3,829
31-60 days	**532**	661
Over 60 days	**560**	557
Total trade payables	**4,758**	5,047
Other payables	**6,991**	9,233
	11,749	14,280

11. SHARE CAPITAL

	Number of shares	Amount
		US$'000
Authorised		
Ordinary shares of HK$0.10 each		
At 1st January, 2008, 31st December, 2008 and 30th June, 2009	1,500,000,000	19,355
Convertible non-voting preference shares of US$100,000 each		
At 1st January, 2008, 31st December, 2008 and 30th June, 2009	150	15,000
		34,355
Issued and fully paid		
Ordinary shares of HK$0.10 each		
At 1st January, 2008, 31st December, 2008 and 30th June, 2009	730,700,000	9,428

12. COMMITMENTS

	30th June, 2009	31st December, 2008
	US$'000	*US$'000*
Contracted for but not provided in the financial statements:		
– use of copyright licence *(note)*	**489**	144

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.

FINANCIAL REVIEW

During the six months ended 30th June, 2009, the Group continued to concentrate on the manufacture and sales of footwear products. For the six months ended 30th June, 2009, the Group achieved a turnover of US$58,548,000 (2008: US$78,952,000) despite the continuously changing operating environment.

Profit of the Group for the six months ended 30th June, 2009 was US$629,000 (2008: US$1,539,000). Basic earnings per share for the six months ended 30th June, 2009 was 0.09 US cents (2008: 0.21 US cents). The group maintained its gross profit margin at approximately 16% for both periods.

BUSINESS REVIEW AND FUTURE PROSPECTS

Manufacturing Industry

2009 is a hard time for every corporation, the storm of financial crisis erodes the consumers' confidence and wealth, especially for customers in US and Europe. Now manufacturing industry is suffering from declining product demand and increasing labor and operating cost. Given the present economic environment, the Group implemented policies of saving the production and labor cost and lowering the external borrowings to strengthen the cash position. Keeping a healthy financial status is our key to success in the financial crisis.

Despite the external environment, top quality and customer satisfaction is always our shared value to be emphasized and reinforced from time to time, and it is also the motivation for us to strive for perfect. By consolidating our strong foundation in experienced management team, talented staff, excellent product and well-developed sales network, with new innovations for evolution, we believe that we can overcome this cyclical downturn.

Domestic Market

While the Group is further exploring the overseas market, the Group has set up a strong sales network in China. Kid's footwear with international brands of such as Disney, Nike, Addidas, New Balance, Ecco and Crocs, and adult's shoes branded Slazenger, Y Zone and Heavy Rider can reach our customers through a comprehensive sales channel of self owned specialty stores "Magic House" and "Kid's E-look", franchising agents and wholesalers. On the other hand, China Government is implementing a series of policy stimulating the domestic demand, which aims at improving the labor protections and civil benefits, continuous and sustainable growth of both consumption power and domestic demand in China market is expected.

The Group has set up offices in major cities such Beijing, Shanghai, Chengdu and Guangzhou etc. and opened wholly owned sales counters in over 100 top class shopping malls in major cities and over 1000 sales points through agents and franchisees, the number will keep increasing in coming years.

BUSINESS REVIEW AND FUTURE PROSPECTS *(Continued)*

Future Prospects

Hard time expected to continue in second half of 2009, yet it is an opportunity for us to focus internally for advancement. During the period various internal operation enhancement projects launched for better resources allocation, it successfully reduced material wastage rate and unnecessary production costs to strengthen the financial position of the Group. The Group will keep improving not only the efficiency, but also the effectiveness, through consolidating the management framework, creating customers value and developing long-term relationship with business partners. Besides, taking environmental friendly production initiatives and promoting social responsibility and caring are also our missions.

The fact of the rapid growth in China domestic market, together with other supportive policies implemented by the China Government, exploring in China will be one of our important development blueprint. The Group will take this opportunity by devoting more effort in promoting activities, recruiting talented marketing executives and researching innovative product design. We are confident that integration of our existing virtues with the advancement completed at this stage and to be archived in future, the performance of the Group will keep rising after the economy recovered.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2009, the Group's total net assets was US$119,653,000, comprising mainly current assets of US$74,671,000, non-current assets of US$71,060,000, current liabilities of US$19,780,000 and non-current liabilities of US$6,298,000. The current ratio was approximately 3.8 times and net bank balances and cash of US$11,356,000 was recorded as at 30th June, 2009. 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, 2009, 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, 2009 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, 15th September, 2009

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