



Since 1956

Pegasus International Holdings Limited
創信國際控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號：676)

INTERIM REPORT 2022 中期報告

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Revenue	3	5,261	3,479
Cost of sales and services		(2,541)	(2,038)
Gross profit		2,720	1,441
Other income (expense), gains and losses		99	905
Selling and distribution costs		(245)	(224)
General and administrative expenses		(1,999)	(2,032)
Interest expense on lease liabilities	4	(19)	(20)
Profit before tax	5	556	70
Tax expense	6	(67)	(2)
Profit for the period attributable to owners of the Company		489	68
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(2,102)	1,984
Other comprehensive (expense) income for the period, net of tax		(2,102)	1,984
Total comprehensive (expense) income for the period attributable to owners of the Company		(1,613)	2,052
Profit per share	8		
– Basic		0.07 US cents	0.01 US cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	30 June 2022 US\$'000 (unaudited)	31 December 2021 US\$'000 (audited)
Non-current assets			
Investment properties	9	65,346	66,601
Property, plant and equipment	10	18,400	19,660
Right-of-use assets		2,677	2,919
Accrued rentals		84	88
		86,507	89,268
Current assets			
Inventories		976	1,366
Trade and other receivables	11	1,710	2,005
Financial assets at fair value through profit or loss ("FVTPL")		480	436
Bank balances and cash		10,399	8,780
		13,565	12,587
Current liabilities			
Trade and other payables	12	3,303	2,963
Lease liabilities		102	112
Provision for housing provident fund	14	1,338	1,400
Tax payable		930	960
		5,673	5,435
Net current assets		7,892	7,152
		94,399	96,420
Capital and reserves			
Share capital	13	9,428	9,428
Reserves		68,575	70,188
Total equity		78,003	79,616
Non-current liabilities			
Deferred tax liabilities		15,491	15,824
Lease liabilities		905	980
		16,396	16,804
		94,399	96,420

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company						
	Share capital	Share premium	Merger reserve	Properties revaluation reserve	Translation reserve	Retained profits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021 (audited)	9,428	21,637	(4,512)	16,172	14,506	(4,316)	52,915
Profit for the period	-	-	-	-	-	68	68
Exchange differences on translating foreign operations	-	-	-	-	1,984	-	1,984
Total comprehensive income (expense) for the period	-	-	-	-	1,984	68	2,052
Payment of dividends (Note 6)	-	-	-	-	-	-	-
At 30 June 2021 (unaudited)	9,428	21,637	(4,512)	16,172	16,490	(4,248)	54,967
At 1 January 2022 (audited)	9,428	21,637	(4,512)	41,245	17,091	(5,273)	79,616
Profit for the period	-	-	-	-	-	489	489
Exchange differences on translating foreign operations	-	-	-	-	(2,102)	-	(2,102)
Total comprehensive income (expense) for the period	-	-	-	-	(2,102)	489	(1,613)
Payment of dividends (Note 6)	-	-	-	-	-	-	-
At 30 June 2022 (unaudited)	9,428	21,637	(4,512)	41,245	14,989	(4,784)	78,003

The merger reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries acquired and the nominal value of the share capital of the acquiring companies issued in exchange pursuant to a corporate reorganisation prior to the listing of the Company's shares in 1996.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	1,747	826
INVESTING ACTIVITIES		
Interest received	18	9
NET CASH FROM INVESTING ACTIVITIES	18	9
FINANCING ACTIVITIES		
Repayment of lease liabilities	(68)	(67)
Interest expense on lease liabilities	(19)	(20)
NET CASH USED IN FINANCING ACTIVITIES	(87)	(87)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,678	748
CASH AND CASH EQUIVALENTS AT 1 JANUARY	8,780	9,754
Effect of foreign exchange rate changes	(59)	(55)
CASH AND CASH EQUIVALENTS AT 30 JUNE		
REPRESENTED BY BANK BALANCES AND CASH	10,399	10,447

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

(i) Disaggregation of revenue

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
Manufacture and sales of footwear products	2,847	2,095
Revenue from other sources:		
Lease of properties	2,414	1,384
Total revenue	5,261	3,479

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 customers' specified location. 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.

3. SEGMENT INFORMATION (Continued)

- (ii) 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 six months ended 30 June 2022

	Manufacturing and sales of footwear products US\$'000	Lease of properties US\$'000	Total US\$'000
REVENUE	2,847	2,414	5,261
RESULTS			
Segment results	246	2,229	2,475
Unallocated other income (expense), gain and losses			99
Unallocated corporate expenses			(2,018)
Profit before tax			556

3. SEGMENT INFORMATION (Continued)

(ii) (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2021

	Manufacturing and sales of footwear products US\$'000	Lease of properties US\$'000	Total US\$'000
REVENUE	2,095	1,384	3,479
RESULTS			
Segment results	135	1,254	1,389
Unallocated other income (expense), gains and losses			264
Unallocated corporate expenses			(1,583)
Profit before tax			70

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of other income (expense), gains and losses and unallocated corporate expenses. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

4. INTEREST EXPENSE ON LEASE LIABILITIES

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Interest expense on lease liabilities	19	20

5. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
<hr/>		
Profit for the period has been arrived at after charging:		
Auditor's remuneration	96	92
Cost of inventories recognised as an expense	2,356	1,908
Depreciation of property, plant and equipment	193	206
Depreciation of right-of-use assets	79	78
and after (crediting) charging to other income (expense), gains and losses:		
Gain on disposal of property, plant and equipment	–	(630)
Redundancy costs	–	76
Gain on fair value changes of financial assets at FVTPL	(44)	(39)
Interest income	(18)	(9)
Net foreign exchange loss	229	360

6. TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(unaudited)	(unaudited)
<hr/>		
Current tax:		
People's Republic of China ("PRC")		
Enterprise Income Tax	67	2

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

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% for both periods.

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 of the Company, the Group is not subject to taxation in any other jurisdictions.

7. DIVIDENDS

The directors have determined that an interim dividend of 1.0 HK cent per share (2021: Nil) should be paid to the shareholders of the Company whose name appear on the Register of Member on 29 September 2022.

8. PROFIT PER SHARE

The calculation of the basic profit per share is based on the profit for the period attributable to owners of the Company of US\$489,000 (six months ended 30 June 2021: profit for the period attributable to owners of the Company of US\$68,000) and on the number of ordinary shares of 730,650,000 (2021: 730,650,000) in issue during the period.

There are no potential ordinary shares outstanding for six months ended 30 June 2022 and 2021.

9. INVESTMENT PROPERTIES

	US\$'000
FAIR VALUE	
Six months ended 30 June 2021	
At 1 January 2021	27,307
Exchange realignment	1,009
At 30 June 2021	28,316
Six months ended 30 June 2022	
At 1 January 2022	19,660
Exchange realignment	(1,260)
At 30 June 2022	18,400

The directors of the Company are of the opinion that the carrying value of the Group's investment properties as at 30 June 2022 are not materially different from their fair values at 31 December 2021. The management assessed the fair value of these investment properties which are determined based on valuations performed by RHL Appraisal Limited ("RHL") on an income approach. RHL is an independent qualified professional valuers not connected with the Group. Accordingly, no valuation movement has been recognised in respect of the Group's investment properties for the period.

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the interim period ended 30 June 2022 and 2021, the Group did not acquire any property, plant and equipment.

The directors of the Company are of the opinion that the carrying value of the Group's buildings included in property, plant and equipment as at 30 June 2022 are not materially different from their fair values at 31 December 2021. Accordingly, no valuation movement has been recognised in respect of the Group's buildings included in property, plant and equipment for the period.

11. TRADE AND OTHER RECEIVABLES

	30 June 2022 US\$'000 (unaudited)	31 December 2021 US\$'000 (audited)
Trade receivables	802	1,195
Other receivables	992	898
Total trade and other receivables	1,794	2,093
Less: accrued rentals shown under non-current assets	(84)	(88)
	1,710	2,005

The Group allows an average credit period of 60 days to its trade customers. 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:

	30 June 2022 US\$'000 (unaudited)	31 December 2021 US\$'000 (audited)
0–30 days	204	325
31–60 days	493	861
Over 60 days	105	9
Total trade receivables	802	1,195

12. TRADE AND OTHER PAYABLES

	30 June 2022 US\$'000 (unaudited)	31 December 2021 US\$'000 (audited)
Trade payables	390	266
Accrued payroll	344	339
Accrued expenses	649	882
Rental deposit received	1,268	1,028
Others	652	448
	3,303	2,963

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

	30 June 2022 US\$'000 (unaudited)	31 December 2021 US\$'000 (audited)
0–30 days	90	59
31–60 days	22	55
Over 60 days	278	152
Total trade payable	390	266

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.

13. SHARE CAPITAL

	Number of shares	Amount US\$'000
<i>Authorised:</i>		
<i>Ordinary shares of Hong Kong dollar ("HK\$") 0.10 each</i>		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	1,500,000,000	19,355
<i>Convertible non-voting preference shares of US\$100,000 each (Note)</i>		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	150	15,000
		34,355
	Number of shares	Amount
	30 June	31 December
	2022	2021
	'000	'000
	US\$'000	US\$'000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.10 each	730,650	730,650
	9,428	9,428

Note: Convertible non-voting preference shares, when issued and outstanding, will carry a fixed cumulative dividend. Under certain circumstances, they will also be entitled to an additional dividend and can be convertible into ordinary shares of the Company. There were no convertible non-voting preference shares issued for the six months ended 30 June 2022 and year ended 31 December 2021.

14. 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 report, 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.

The directors of the Company believe that adequate provisions has been made in the Group's condensed consolidated financial statements as at 30 June 2022.

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2022	31 December 2021		
	US\$'000 (unaudited)	US\$'000 (audited)		
Financial assets mandatorily measured at fair value through profit or loss	480	436	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1, 2 and 3 during the current interim period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of the reporting period.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of 1.0 HK cent per ordinary share for the six months ended 30 June 2022 to shareholders whose names appear on the register of members on 29 September 2022. The dividend warrants will be sent to shareholders on or before 20 October 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 26 September 2022 to Thursday, 29 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 23 September 2022.

FINANCIAL REVIEW

Since the year ended 31 December 2020, in addition to the original business of manufacture and sales of footwear product, the Group entered into operating lease contracts with tenants and received rental income. For the six months ended 30 June 2022, the Group achieved a revenue of US\$5,261,000 (six months ended 30 June 2021: US\$3,479,000) compared with the six months ended 30 June 2021, the revenue increased by 51%.

Profit before taxation of the Group for the six months ended 30 June 2022 was US\$556,000 (six months ended 30 June 2021: profit before tax US\$70,000).

Basic profit per share for the six months ended 30 June 2022 was 0.07 US cents (six months ended 30 June 2021: basic profit per share 0.01 US cents). The gross profit is US\$2,720,000 during the current period.

BUSINESS REVIEW AND PROSPECTS

In the first half of 2022, the global market continued to be overshadowed by the COVID-19 variants with a plausible threat lurking around, which also continued to affect global economic activities. Governments of various countries have gradually begun to relax their past pandemic control measures in an effort to boost the economy as soon as possible by restoring people's living to normal levels, as well as their confidence in the future. However, with a rapidly deteriorating global geopolitical situation, the ongoing war in Eastern Europe, and the increasingly intensified conflicts between major powers, the geopolitical landscape and macroeconomic recovery will be more likely to face a more dire situation in the coming months. Faced with instabilities in all aspects, the Group will further consolidate its own advantages and make the best use of the existing resources to generate stable income.

As the Group started to lease domestic idle factories in 2020, the management continues to identify suitable tenants during the year. The footwear exports segment is considered as the cornerstone of the Group's business operations, the Group remains committed to high-quality footwear products over the years. Benefiting from relaxation of the pandemic control measures in Europe and the United States, orders begin to stabilise. Looking ahead, the Group will continue to rise to the challenges, while seeking and seizing potential opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group's total net assets was US\$78,003,000, comprising mainly current assets of US\$13,565,000, non-current assets of US\$86,507,000, current liabilities of US\$5,673,000 and non-current liabilities of US\$16,396,000. As at 30 June 2022, the Group had cash and cash equivalent of US\$10,399,000 (as at 31 December 2021: US\$8,780,000). As at 30 June 2022, 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 2.4 (as at 31 December 2021: 2.3) times was derived by the total current assets of US\$13,565,000 (2021: US\$12,587,000) divided by the total current liabilities of US\$5,673,000 (2021: US\$5,435,000) as at 30 June 2022. 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.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2022, the interests of the directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinances (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, were as follows:

Long positions

(a) *Ordinary shares of HK\$0.10 each of the Company*

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Wu Jenn Chang, Michael	Beneficial owner	8,000,000	1.09%
Wu Jenn Tzong, Jackson	Beneficial owner	1,000,000	0.14%
		9,000,000	1.23%

DIRECTORS' INTERESTS IN SHARES *(Continued)***Long positions** *(Continued)**(b) Ordinary shares of the associated corporations of the Company*

Pegasus Footgear Management Limited (note 1)

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the associated corporation
Wu Chen San, Thomas	Beneficial owner and Corporate (note 2)	6,470	32%
Wu Jenn Chang, Michael	Corporate (note 3)	6,470	32%
Wu Jenn Tzong, Jackson	Corporate (note 4)	6,470	32%
		19,410	96%

Notes:

1. Pegasus Footgear Management Limited is the holding company of the Company.
2. 3,235 shares are jointly held by Mr. Wu Chen San, Thomas and Mrs. Peggy Wu, the spouse of Mr. Wu Chen San, Thomas, and 3,235 shares are held by Skyplus Limited, a company owned by Mrs. Peggy Wu.
3. The shares are entirely held by MW Investment Limited, a company owned by Mr. Wu Jenn Chang, Michael.
4. The shares are entirely held by JW Investment Limited, a company owned by Mr. Wu Jenn Tzong, Jackson.

Save as disclosed above, at 30 June 2022, none of the directors nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed in "Directors' Interests in Shares", the following shareholder had notified the Company of relevant interest in the issued share capital of the Company.

Long position

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Pegasus Footgear Management Limited (note)	Beneficial owner	468,743,940	64%

Note: Details of the directors' interests in Pegasus Footgear Management Limited are disclosed under the section headed "Directors' Interests in Shares".

Save as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 30 June 2022.

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

According to the conclusions to HKEX consultation on Review of the Corporate Governance Code and Related Listing Rules published on 10 December 2021 (the amendments to the Corporate Governance Code contained in which has become effective on 1 January 2022), if all independent non-executive directors of the Company (“INED”) on board have served more than nine years, a new INED should be appointed. A transition period is allowed for such appointment (i.e. financial year commencing on or after 1 January 2023) (“Transition Period”). Since all of the INEDs of the Company have served more than nine years as at 31 December 2021, taking advantage of the Transition Period, the board of the Company intends to appoint a new INED before the commencement of the financial year commencing on 1 January 2023. The relevant details regarding the biographical details of the new INED, along with any other relevant information as required to be disclosed under the Listing Rules, will be announced in due course.

The Company inadvertently considered that the Transition Period for appointment of INED for long-serving INEDs also applied to the compliance of the Code Provision of paragraph B.2.4(a) of Appendix 14 of the Listing Rules and notes that it failed to comply with such Code Provision and disclose the length of tenure of each existing INEDs on a named basis in the circular of the Company dated 22 April 2022.

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 six month ended 30 June 2022.

AUDIT COMMITTEE

The audit committee of the Board has reviewed, with management of the Company, the Group’s unaudited condensed consolidated financial information for the six months ended 30 June 2022, the interim report, the accounting principles and practices adopted by the Group and has discussed risk management, internal controls, and financial reporting matters.

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

Hong Kong, 26 August 2022

