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Pegasus Entertainment Holdings Limited

天馬影視文化控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1326)

ANNOUNCEMENT PURSUANT TO RULE 3.8 OF THE TAKEOVERS CODE

This announcement is made by Pegasus Entertainment Holdings Limited (the “**Company**”) pursuant to Rule 3.8 of the Takeovers Code.

Reference is made to the announcement issued by the Company dated 7 October 2015 (the “**Announcement**”) in relation to, among other things, the Potential Transaction. Unless otherwise stated, terms used herein shall have the same meanings as defined in the Announcement.

UPDATE ON THE NUMBER OF RELEVANT SECURITIES OF THE COMPANY

The Board wishes to announce that on 23 October 2015, 23,948,497 Shares (the “**New Shares**”) were allotted and issued by the Company pursuant to the exercise of 23,948,497 warrants carrying rights to subscribe for the New Shares.

As at the date of this announcement and immediately after the allotment and issue of the New Shares, the relevant securities of the Company comprises (i) 2,479,862,659 Shares in issue; (ii) outstanding warrants carrying rights to subscribe up to 203,562,233 Shares; and (iii) outstanding share options granted under the Company’s share option scheme entitling the holders thereof to subscribe up to 160,000,000 Shares in aggregate. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

As required under Rule 3.8 of the Takeovers Code, associates (including a person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) have been reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

By order of the Board
Pegasus Entertainment Holdings Limited
Wong Pak Ming
Chairman

Hong Kong, 23 October 2015

As at the date of this announcement, the executive Directors are Mr. Wong Pak Ming, Ms. Wong Yee Kwan Alvina and Mr. Wong Chi Woon Edmond; and the independent non-executive Directors are Mr. Lam Kam Tong, Mr. Lo Eric Tien-cheuk and Mr. Tang Kai Kui Terence.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.