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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 3.7 OF THE TAKEOVERS CODE FURTHER EXTENSION OF THE EXCLUSIVITY PERIOD

This announcement is made by Pegasus Entertainment Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

Reference is made to the announcements of the Company dated 7 October 2015, 6 November 2015, 16 November 2015 and 30 November 2015 respectively in relation to the Potential Transaction and extension of the Exclusivity Period (the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements, unless specified otherwise.

FURTHER EXTENSION OF THE EXCLUSIVITY PERIOD

The Board wishes to inform the shareholders of the Company and potential investors that on 14 December 2015, the Company, the Potential Vendors and the Third Party entered into a third supplemental letter (the “**Third Supplemental Letter**”).

Pursuant to the NDA as supplemented by the Supplemental Letter and the Second Supplemental Letter, each of the Company and the Potential Vendors has undertaken to the Third Party that it/he/she will work with the Third Party exclusively for a period expiring on 15 December 2015.

As more time is required for the negotiation and finalisation of the terms of the legally binding formal agreements in connection with the Potential Transaction, the Company, the Potential Vendors and the Third Party have agreed that the Exclusivity Period shall be

extended for a further period of sixteen (16) days and the Exclusivity Period as extended shall expire on 31 December 2015. Save for the further extension of the Exclusivity Period, all other terms and provisions of the NDA shall remain to have full force and effect.

Other than the NDA, the Supplemental Letter, the Second Supplemental Letter and the Third Supplemental Letter, no formal or legally binding agreement has been entered into between the Potential Vendors and the Third Party or any other parties in respect of the Potential Transaction.

Further announcement(s) setting out the progress of the Potential Transaction will be made as and when necessary in accordance with the Listing Rules and the Takeovers Code and on a monthly basis until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the Potential Transaction is made.

There is no assurance by the Company that the Potential Transaction mentioned in this announcement will either materialise or eventually be consummated and the discussions may or may not lead to the making of a general offer for the Shares and outstanding warrants of the Company. Shareholders of the Company and potential investors are urged to exercise extreme caution when dealing in the Shares and/or other securities of the Company.

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

Hong Kong, 14 December 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.