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 ON BUSINESS UPDATE

This announcement is made by Pegasus Entertainment Holdings Limited (the "**Company**") on a voluntary basis.

The board of directors of the Company (the "**Board**") wishes to provide a business update of the Company and its subsidiaries (collectively the "**Group**") in order to enable the shareholders of the Company and potential investors to assess the development of the Group.

The Board is delighted to announce that the Group had achieved outstanding performance in the box office receipts of "Ip Man 3", a large-scale action film and the third sequel in the "Ip Man" film series, which is produced by the Group for worldwide release.

In Hong Kong, according to the statistics from Hong Kong Box Office Limited, "Ip Man 3" had recorded box office receipts exceeding HK$57.6 million since it was officially released on 24 December 2015 and up to 31 January 2016, and ranked top among all local films showed during the same period. In other geographical regions outside Hong Kong (excluding the People's Republic of China (the "**PRC**") where the film is scheduled to be released soon), according to the data provided by the Group's respective film distributors, "Ip Man 3" had achieved aggregate box office receipts exceeding HK$168.6 million as at 31 January 2016, contributed predominantly by the South East Asia region. As at 31 January 2016, "Ip Man 3" had successfully grossed over HK$226.2 million in total box office receipts worldwide (not including the PRC), and the film is still showing in various cinemas in Hong Kong and overseas as at the date of this announcement.

The Board is confident in the performance and future prospect of the Group's film production business. The Group will continue to capture increasing opportunities in the film industry and strengthen the integration of its film production and distribution value chain.

The above information is unaudited and has not been confirmed by the auditors of the Company, and is subject to change and may differ from the information that will appear in the financial statements of the Group to be published. As such, the above information is strictly for reference only. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 1 February 2016

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