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)

UPDATES ON THE PROGRESS OF THE COMPANY'S INVESTMENT IN A MOTION PICTURE

This announcement is made by Pegasus Entertainment Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities Futures Ordinances (Cap. 571 of the Laws of Hong Kong).

Reference is made to the Company's announcements dated 28 January 2013, 13 September 2013, 28 January 2014, 29 August 2014, 30 April 2015 and 7 December 2015 respectively (the "**Announcements**") regarding a discloseable transaction. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the Group has invested in a motion picture to be produced for worldwide theatrical distribution in the first half of 2017. The Board wishes to inform the shareholders of the Company and potential investors that on 20 May 2016, due to various pre-production delays, Pegasus Motion Pictures and TNC agreed in writing to further extend the date for TNC to start Principal Photography of the Picture from on or before 30 June 2016 to 30 September 2016. In addition, in order to compensate for the delayed schedule of the Picture, the agreed amount of recoupment to which Pegasus Motion Pictures is entitled upon the commencement of Principal Photography of the Picture or upon the close of Bank Financing, whichever is earlier, has also been increased.

The Board has been notified by TNC that due to additional pre-production delays, Principal Photography and worldwide theatrical distribution of the Picture are rescheduled to take place tentatively on or before 30 September 2016 and in the second half of 2017 respectively. Based on the information provided by TNC, Travis Fimmel, who starred in the television series "Vikings" and the movie to be released named "Warcraft", has joined the main cast of the Picture.

Save for the above, all the other terms and conditions of the Provisional Agreement (as amended by the agreements dated 13 September 2013, 28 January 2014, 29 August 2014, 30 April 2015 and 7 December 2015 respectively) have remained unchanged and continue in full force and effect. The Board estimates that the abovementioned changes will not have any material effect on the operating and financial positions of the Group, the financial position and liquidity of the Group remain solid and healthy and there is no material adverse change in the operations of the Group. The Company will continue to provide updates on the Picture as and when necessary.

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

Hong Kong, 20 May 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.