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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)

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS
AND
ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE
TAKEOVERS CODE
AND
RESUMPTION OF TRADING

This announcement is made by Pegasus Entertainment Holdings Limited (the “**Company**”) (i) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and pursuant to Rules 13.09 and 13.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”); and (ii) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The board (the “**Board**”) of directors of the Company (the “**Directors**”) had noted the increase in the price and trading volume of the shares of the Company (the “**Shares**”) on 17 October 2017. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Company was informed by Mr. Wong Pak Ming, the chairman and executive director of the Company, that he had been in negotiations with an independent third party (the “**Third Party**”) regarding a possible disposal of his interests in the Shares (the “**Potential Transaction**”). As at the date of this announcement, Mr. Wong Pak Ming holds 125,816,000 Shares (representing approximately 4.85% of its entire issued share

capital) and Honour Grace Limited, a company in which Mr. Wong Pak Ming owns 60.00%), holds 1,200,000,000 Shares (representing approximately 46.23% of its entire issued share capital).

Up to the date of this announcement, no definitive agreement in respect of the Potential Transaction has been entered into. The Board confirms that it is not aware of any reasons for the price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

The Potential Transaction, if materialised, may lead to the Third Party being required to make a mandatory general offer for all the issued Shares (other than those already owned by or agreed to be acquired by the Third Party and parties acting in concert with it) in accordance with Rule 26.1 of the Takeovers Code.

RULE 3.7 OF THE TAKEOVERS CODE

In compliance with Rule 3.7 of the Takeovers Code, the Company will make monthly announcement(s) setting out the progress of the Potential Transaction until any 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. The Company will make further announcement(s) when appropriate or required by the Listing Rules and the Takeovers Code (as the case may be).

As at the date of this announcement, the relevant securities of the Company comprised 2,595,613,733 ordinary shares of HK\$0.0025 each in issue. 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.

The associates (as defined in the Takeovers Code, which includes persons holding 5% or more of a class of relevant securities of the Company) are hereby reminded to disclose their dealings in the securities of the Company pursuant to Rule 3.8 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 \$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.”

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 18 October 2017 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 18 October 2017.

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. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares and/or other securities of the Company.

This announcement is made by the order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

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

Hong Kong, 18 October 2017

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.