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## **PEGASUS INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 676)**

### **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **AUDITED ANNUAL RESULTS**

The board of directors (the “Board”) of Pegasus International Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 with comparative figures for the corresponding period in 2022.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

	<i>NOTES</i>	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
Revenue	3	<b>6,039</b>	9,254
Cost of sales and services		<b>(2,877)</b>	(4,731)
		<hr/>	<hr/>
Gross profit		<b>3,162</b>	4,523
Other income		<b>1,044</b>	457
Other gains and losses		<b>82</b>	(390)
Fair value (decrease) increase of investment properties		<b>(713)</b>	561
Selling and distribution costs		<b>(309)</b>	(453)
General and administrative expenses		<b>(3,093)</b>	(2,744)
Other expense		<b>(13)</b>	(77)
Interest expense on lease liabilities		<b>(40)</b>	(44)
		<hr/>	<hr/>
Profit before tax	4	<b>120</b>	1,833
Tax credit (expense)	5	<b>331</b>	(150)
		<hr/>	<hr/>
Profit for the year attributable to owners of the Company		<b>451</b>	1,683
		<hr/>	<hr/>
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>–</b>	(8,462)
		<hr/>	<hr/>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		<b>346</b>	–
Revaluation increase on buildings		<b>506</b>	6,774
Revaluation surplus of right-of-use assets transferred to investment properties		<b>–</b>	2,097
Deferred tax recognised on revaluation of buildings		<b>(127)</b>	(1,694)
Deferred tax recognised on revaluation surplus of investment properties reclassified from right-of-use assets to investment properties		<b>–</b>	(524)
		<hr/>	<hr/>
		<b>725</b>	6,653
		<hr/>	<hr/>
Other comprehensive income (expense) for the year, net of tax		<b>725</b>	(1,809)
		<hr/>	<hr/>
Total comprehensive income (expense) for the year attributable to owners of the Company		<b>1,176</b>	(126)
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	7		
Basic		<b>US cents 0.06</b>	US cents 0.23
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 US\$'000	2022 US\$'000
Non-current assets			
Property, plant and equipment		19,534	19,788
Investment properties		64,927	65,518
Right-of-use assets		2,052	2,310
Accrued rentals	8	439	206
		<u>86,952</u>	<u>87,822</u>
Current assets			
Inventories		342	557
Trade and other receivables	8	1,279	2,196
Financial assets at fair value through profit or loss (“FVTPL”)		585	451
Bank balances and cash		9,858	8,588
		<u>12,064</u>	<u>11,792</u>
Current liabilities			
Trade and other payables	9	2,137	2,601
Lease liabilities		111	106
Provision for housing provident fund	10	345	421
Tax payable		609	773
		<u>3,202</u>	<u>3,901</u>
Net current assets		<u>8,862</u>	<u>7,891</u>
		<u><b>95,814</b></u>	<u><b>95,713</b></u>
Capital and reserves			
Share capital		9,428	9,428
Reserves		69,352	69,119
Total equity		<u>78,780</u>	<u>78,547</u>
Non-current liabilities			
Deferred tax liabilities		16,345	16,367
Lease liabilities		689	799
		<u>17,034</u>	<u>17,166</u>
		<u><b>95,814</b></u>	<u><b>95,713</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

During the year ended 31 December 2023, the directors of the Company have evaluated the primary economic environment in which the Company operates and have determined that the functional currency of the Company and certain of its subsidiaries changed to Renminbi (“RMB”). The effect of the change of the functional currency of the Company and certain of its subsidiaries had been accounted for prospectively from the date on which the change in functional currency took effect.

The consolidated financial statements continue to be presented in USD since the directors considered that USD is a preferred currency to be used in presenting the operating results and financial position of the Group.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the Group’s consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of new and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

***Impacts on application of Amendments to HKAS 8 “Definition of Accounting Estimates”***

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

***Impacts on application of Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”***

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The application of the amendments has had no material impact on the Group’s financial position and performance.

***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in the consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### Disaggregation of revenue

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
<b>Revenue from contracts with customers:</b>		
Manufacture and sales of footwear products	1,687	5,051
<b>Revenue from other sources:</b>		
Lease of properties	<u>4,352</u>	<u>4,203</u>
<b>Total revenue</b>	<b><u>6,039</u></b>	<b><u>9,254</u></b>

#### *Revenue from manufacturing and sales of footwear*

Revenue generated from manufacturing and sales of footwear products is recognised at a point in time.

The Group's contracts with customers for manufacturing and sales of footwear products are based on customer's specification with no alternative use to the Group. Taking into consideration for contract terms and the relevant legal and regulatory environment that apply to those relevant contracts, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specified location.

Transportation and handling activities that occur before the customers obtain control are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss relation to the goods. The normal credit period is 60 days upon delivery.

The contracts for manufacture and sales of footwear products are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### *Revenue from lease of properties*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. All operating lease payments are fixed for both years.

The following is an analysis of the Group's revenue and results by operating and reportable segments under HKFRS 8 Operating Segments ("HKFRS 8"), based on information reported to the Company's executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance, which are based on types of goods or services delivered or provided. The Group's operating and reportable segments under HKFRS 8 are as follows:

### Segment revenue and results

#### For the year ended 31 December 2023

	<b>Manufacture and sales of footwear products US\$'000</b>	<b>Lease of properties US\$'000</b>	<b>Total US\$'000</b>
REVENUE	<u>1,687</u>	<u>4,352</u>	<u>6,039</u>
RESULTS			
Segment results	<u>(1,161)</u>	<u>3,301</u>	2,140
Unallocated other income			1,044
Unallocated other gains and losses			82
Unallocated other expense			(13)
Unallocated corporate expenses			<u>(3,133)</u>
Profit before tax			<u>120</u>

#### For the year ended 31 December 2022

	<b>Manufacture and sales of footwear products US\$'000</b>	<b>Lease of properties US\$'000</b>	<b>Total US\$'000</b>
REVENUE	<u>5,051</u>	<u>4,203</u>	<u>9,254</u>
RESULTS			
Segment results	<u>223</u>	<u>4,408</u>	4,631
Unallocated other income			457
Unallocated other gains and losses			(390)
Unallocated other expense			(77)
Unallocated corporate expenses			<u>(2,788)</u>
Profit before tax			<u>1,833</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned (loss incurred) by each segment without allocation of other income, other gains and losses, other expense and unallocated corporate expenses (including general and administrative expenses and interest expense on lease liabilities). This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

### Revenue from footwear products and lease of properties

The Group's revenue was generated from manufacture and sales of footwear products, and rental income from lease of properties for both years.

### Geographical information

The Group's revenue from contracts with customer generated from manufacture and sales of footwear products based on the destination of the goods shipped or delivered, is detailed below:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
United States of America	675	2,644
Morocco	86	564
Others	926	1,843
	<u>1,687</u>	<u>5,051</u>

The Group's rental income generated from lease of properties in the PRC amounted to US\$4,352,000 (2022: US\$4,203,000).

The Group's operations are located in the PRC and Hong Kong. The information about its non-current assets by geographical location and place of operations are detailed below:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
PRC	<u>86,513</u>	<u>87,616</u>

### Information about major customers

Revenue from customers which contributed over 10% of the Group's total revenue for the corresponding years are as follows:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Customer A*	1,687	5,051
Customer B	1,711	1,800
Customer C	722	N/A (Note)
Customer D	636	N/A (Note)
	<u>4,756</u>	<u>8,651</u>

\* The revenue of the above customer is generated from the manufacturing and sales of footwear products to various locations in North America, Asia and Europe.

Note: The customers did not contribute over 10% of the Group's total revenue.

#### 4. PROFIT BEFORE TAX

	2023 US\$'000	2022 US\$'000
Profit before tax has been arrived at after changing:		
Directors' emoluments	105	100
Other staff costs	2,040	2,036
Retirement benefits scheme contributions	<u>154</u>	<u>197</u>
Total staff costs	2,299	2,333
Capitalised in inventories	<u>(965)</u>	<u>(1,138)</u>
	<u>1,334</u>	<u>1,195</u>
Auditor's remuneration		
– Audit services	206	191
– Non-audit services	<u>41</u>	<u>19</u>
	<u>247</u>	<u>210</u>
Cost of inventories recognised as an expense, including provision for housing provident fund	2,539	4,375
Depreciation of right-of-use assets	263	223
Depreciation of property, plant and equipment	865	881
Provision for housing provident fund (included in cost of sales and services)	29	49
Gross rental income from investment properties	(4,352)	(4,203)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<u>338</u>	<u>356</u>
	<u>(4,014)</u>	<u>(3,847)</u>
and after (crediting) charging to other gains and losses:		
Net gain on fair value changes of financial assets at FVTPL	(134)	(15)
Net foreign exchange loss	<u>53</u>	<u>405</u>
and after crediting to other income:		
Interest income	(301)	(105)
Write back of trade and other payables	(253)	–
Dividends from financial assets at FVTPL	(38)	(19)
Government subsidies	<u>–</u>	<u>(19)</u>
and after charging to other expense:		
Redundancy costs	<u>13</u>	<u>77</u>

## 5. TAX (CREDIT) EXPENSE

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Hong Kong Profits Tax		
Current year	6	11
Overprovision in prior years	<u>(159)</u>	<u>(1)</u>
	(153)	10
Deferred taxation	<u>(178)</u>	<u>140</u>
	<u><u>(331)</u></u>	<u><u>150</u></u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements and Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision has been made for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision has been made as the group entities incorporated in these jurisdictions have no assessable profits for both years.

## 6. DIVIDENDS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Dividends recognised as distribution to ordinary shareholders:		
Interim dividend of HK\$0.01 in respect of the year ended 31 December 2023 (2022: HK\$0.01) per ordinary share	<u>943</u>	<u>943</u>

An interim dividend of HK\$0.01 per ordinary share in respect of the year ended 31 December 2023 has been proposed and paid by the directors of the Company (2022: HK\$0.01). A final dividend of HK\$0.01 per ordinary share in respect of the year ended 31 December 2023 (2022: nil) has been proposed by the directors of the Company.

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of US\$451,000 (2022: profit for the year attributable to owners of the Company of US\$1,683,000) and on the number of ordinary shares of 730,650,000 (2022: 730,650,000) in issue during the year.

There are no potential ordinary shares outstanding for each of the two years ended 31 December 2023 and 2022.

## 8. TRADE AND OTHER RECEIVABLES

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade receivables	702	1,741
Prepayment and other deposit	157	175
Refundable rental deposit	33	33
Accrued rentals	439	206
Other receivables	387	247
	<hr/>	<hr/>
Total trade and other receivables	1,718	2,402
Less: accrued rentals shown under non-current assets	(439)	(206)
	<hr/>	<hr/>
	<b>1,279</b>	<b>2,196</b>
	<hr/> <hr/>	<hr/> <hr/>

As at 1 January 2022, trade receivables from contracts with customers amounted to US\$1,195,000.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
0 – 30 days	411	790
31 – 60 days	249	602
Over 60 days	42	349
	<hr/>	<hr/>
Total trade receivables	702	1,741
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2023, included in the Group's trade receivables balances are debtors with aggregate carrying amount of US\$42,000 (2022: US\$349,000) which are past due as at the reporting date. None of the past due balances has been past due for 90 days or more for both years.

The Group's rental income are based on effective accrued rentals after taking into account of rent free period and progressive rentals which are recorded as unbilled rental receivables. Rental receivables are invoiced to tenants on a monthly basis after the rent free period and are due for settlement upon the issuance of invoices.

Accrued rentals of the Group amount to US\$439,000 (2022: US\$206,000) represented the unbilled rental receivables. Accrued rentals will be collected in more than 1 year and the whole amount are classified under non-current assets.

## 9. TRADE AND OTHER PAYABLES

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade payables	110	104
Accrued payroll	248	337
Accrued expenses	393	364
Rental deposit received	665	919
Value-added tax and other tax payables	271	374
Others	450	503
	<u>2,137</u>	<u>2,601</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
0 – 30 days	34	10
31 – 60 days	17	–
Over 60 days	59	94
	<u>110</u>	<u>104</u>

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 10. PROVISION FOR HOUSING PROVIDENT FUND

There were claims made against a subsidiary of the Group in respect of housing provident fund which were initiated by the employees of the subsidiary, and the Group has lodged appeals against these claims. Up to the date of this announcement, part of the claims are still under process while certain appeals are still under review by the court. While the ultimate outcome of these claims and legal proceedings cannot presently be reliably estimated, after considering the current facts and circumstances, provision for housing provident fund of US\$29,000 (2022: US\$49,000) has been made in profit or loss during the year ended 31 December 2023. During the year ended 31 December 2023, claims amounting to US\$106,000 (2022: US\$933,000) has been settled by the Group. The directors of the Company believe that adequate provisions has been made in the Group's consolidated financial statements as at 31 December 2023 and 2022.

## **FINAL DIVIDEND**

The Directors are pleased to declare a final dividend of 1.0 HK cent per ordinary share for the year ended 31 December 2023 (2022: Nil) to shareholders whose names appear on the register of members on 11 June 2024. Subject to approval at the forthcoming annual general meeting, the dividend warrants will be sent to shareholders on or before 21 June 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending and voting at the forth coming annual general meeting, all transfer documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 23 May 2024.

In addition, the register of members of the Company will be closed from Wednesday, 5 June 2024 to Tuesday, 11 June 2024, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 4 June 2024.

## **RESULTS REVIEW**

### **Audited Annual Results**

I am pleased to present our audited annual results for the year ended 31 December 2023. The Group recorded a net profit after taxation of US\$451,000 (2022: net profit after taxation of US\$1,683,000), and decrease of revenue from US\$9,254,000 in 2022 to US\$6,039,000 in this year. Gross margin changed from 48.9% in 2022 to 52.4% in this year.

### **Geographical Market**

North America remains the largest export market of the Group, accounting for 48.4% of the Group's sales of footwear products, contribution from the European and Asian market and other regions represented 17.0%, 14.9% and 19.7% respectively.

## **BUSINESS REVIEW AND PROSPECTS**

In 2022, despite a long-awaited market anticipation that there would be a favourable market environment and growth recovery after the return to normalcy from the COVID-19 pandemic, such positive momentum was short-lived and did not sustain. Conversely, the market withstood extraordinary challenges in 2023, during which the persistently high interest rates and inflationary environment, coupled with a weak global economy, significantly undermined the purchasing power of the public. The geopolitical rivalry among major powers perpetuated tensions, leaving various trade restrictions unrelaxed. Compounded with ongoing geopolitical conflicts, a strong sense of pessimism pervaded the market.

In response to the economic downturn and uncertainties in the future, consumers exercised extreme caution over their purchases, leading to a significant decline in consumer spending. This has had a significant impact on the sales of durable goods such as footwear. In particular, the Group, as an exporter of footwear products with its major customers targeting sales markets in Europe and the United States, faced the most direct and substantial impact. However, starting to lease our domestic idle factory premises two years ago, the Group secured a stable source of cash flow that strengthened and stabilised its foundation, enabling the Group to successfully navigate such a challenging year.

The Group's profit for the year decreased compared to the previous year, primarily due to the decrease in the fair value of the leased factories in response to the deteriorating market conditions. However, the management believes that such impairments merely reflect changes in the macroeconomic environment and do not result in any cash pressure, and therefore the Group's operations are not affected.

Looking ahead, we will expect challenges in 2024, as the interest rates remain high without any sign of rate cut, and various international issues are not expected to be successfully resolved, with uncertainties lingering around. In terms of exports, the sales team will continue with communication with customers to secure orders, while consistently committing to delivering high-quality products. In terms of leasing business, the management will continue to identify suitable new tenants, so that existing resources can be utilized to create more value for the Group. Despite the challenging environment, the Group maintains a robust cash position without any borrowings. By simultaneously exercising strict control over costs and expenses through a prudent operational approach, we are committed to ensuring the continuity of business operations in the face of emerging challenges.

## **APPRECIATION**

I would like to express my heart-felt appreciation to all members of the Board, the executives, and all employees of the Group for their dedication and contribution and thank all business partners and shareholders on behalf of the Group for their trust and long-standing support.

## **FINANCIAL REVIEW**

Since the year ended 31 December 2020, in addition to the original business of manufacture and sales of footwear product, the Group commenced the business engaging in lease of properties in the PRC. For the year ended 31 December 2023, the Group recorded a revenue of US\$6,039,000 (2022: US\$9,254,000) representing 34.7% decrease comparing to 2022.

Profit before taxation of the Group for the year ended 31 December 2023 was US\$120,000 (2022: profit before taxation of US\$1,833,000), a decrease of US\$1,713,000 as compared to the corresponding period in 2022. After accounting for income taxes credit of US\$331,000 (2022: income tax expense of US\$150,000), resulted a profit after taxation of US\$451,000 (2022: profit after taxation of US\$1,683,000). Basic earning per share for the year ended 31 December 2023 was 0.06 US cents (2022: basic earning per share 0.23 US cents). Gross margin changed to 52.4% in this year. In addition, the Group continued to exercise tight cost control and implemented policies to improve efficiency.

The Group will continue to observe this conservative approach, to stay in low gearing ratio, in formulating resources allocation.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its business needs with internal cash flows. Since the global finance crisis couple of years ago, the Group put great effort to maintain a healthy and strong financial position, and the main focus was cash flow management. Trade receivables were reviewed regularly to ensure that were neither past due nor impaired, and trade payables were scheduled to match our cash flow pattern. Spending, capital expenditure, other than necessary, were greatly controlled. As at 31 December 2023, the Group had cash and cash equivalent of US\$9,858,000 (2022: US\$8,588,000). As at 31 December 2023, the Group did not have any bank borrowing, the management considered that current ratio is a better indicator to reflect the Group's financial position. The current ratio of 3.8 (2022: 3.0) times was derived by the total current assets of US\$12,064,000 (2022: US\$11,792,000) divided by the total current liabilities of US\$3,202,000 (2022: US\$3,901,000) as at 31 December 2023.

## **CAPITAL EXPENDITURE**

For the year ended 31 December 2023, the Group did not incur any capital expenditure used in acquisition and replacement of plant and machinery.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on performance related basis. There are incentives in the form of discretionary performance bonus and offer equal opportunities to all staff.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2023 and the year ended 31 December 2022.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE**

According to paragraph A(c) of Part 1 of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Code Provisions"), any deviation from the Code Provisions during financial year should be disclosed. As disclosed in the supplemental announcement dated 3 May 2023, it was disclosed in the 2022 Annual Report, published on 27 April 2023, that the Company has fully complied with all requirements set out in the Code Provision throughout the year ended 31 December 2022, and the Company has clarified in the supplemental announcement that the Company inadvertently considered that the transitional period for appointment of new independent non-executive director for long-servicing non-executive directors also applied to the compliance of B.2.4(a) of the Code Provision and failed to comply with such Code Provision and make relevant disclosure in the circular of the Company dated 22 April 2022. Save as disclosed, the Company has complied with all other requirements under the Code Provisions during the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including reviewing the audited consolidated financial statements for the year ended 31 December 2023.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.pegasusinternationalholdings.com](http://www.pegasusinternationalholdings.com).

The 2023 annual report of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board  
**Pegasus International Holdings Limited**  
**Wu Chen San, Thomas**  
*Chairman*

Hong Kong, 27 March 2024

List of all Directors of the Company as of the date of this announcement:

***Executive Directors:***

Wu Chen San, Thomas (*Chairman*)  
Wu Jenn Chang, Michael (*Deputy Chairman*)  
Wu Jenn Tzong, Jackson  
Ho Chin Fa, Steven

***Independent Non-executive Directors:***

Lai Jenn Yang, Jeffrey  
Huang Hung Ching  
Wu Wen Yen