



Panorama International Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report 2003-2004

Documentary

TV Series

Movies

Music Video

Adult  
Cartoon

Sports

[www.panorama.com.hk](http://www.panorama.com.hk)

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*This report, for which the directors of Panorama International Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Panorama International Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE, 2003 (UNAUDITED)

The board of Directors (the “Board”) of Panorama International Holdings Limited (the “Company” or “Panorama”) is pleased to announce the unaudited quarterly consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30 June, 2003 together with the comparative unaudited figures for the corresponding period of 2002 as follows:

		Three months ended 30 June,	
		2003	2002
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	17,666	13,733
Cost of sales		<u>(7,374)</u>	<u>(6,254)</u>
<b>Gross profit</b>		<b>10,292</b>	7,479
Other operating income		12	181
Distribution costs		(354)	(463)
Administrative expenses		(5,172)	(5,086)
Other operating expenses		<u>(552)</u>	<u>(387)</u>
Profit from operations		4,226	1,724
Finance costs		<u>(286)</u>	<u>(69)</u>
<b>Profit before taxation</b>		<b>3,940</b>	1,655
Taxation	3	<u>(356)</u>	<u>(320)</u>
<b>Net profit for the period</b>		<u><b>3,584</b></u>	<u>1,335</u>
Earnings per share - Basic	4	<u><b>0.90 HK cent</b></u>	<u>0.33 HK cent</u>
Earnings per share - Diluted	4	<u><b>0.89 HK cent</b></u>	<u>N/A</u>

## 1. Group Reorganisation and Basis of Presentation

### (a) The company

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands on 17 October, 2001. Its ultimate holding company is Allan Fung Assets Limited, a company incorporated in the British Virgin Islands.

The Group is principally engaged in the distribution of film rights by different audio-visual programmes mainly in video compact disc (“VCD”) and digital video disc (“DVD”) formats and sub-licensing of film rights.

### (b) Group reorganisation and listing on GEM

Pursuant to the group reorganisation (the “Group Reorganisation”) to rationalise the group structure in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange, the Company became the holding company of the Group on 23 April, 2002.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statement of the Group are prepared on merger basis in accordance with the Statement of Standard Accounting Practice No. 27 “Accounting for Group Reconstructions” issued by the Hong Kong Society of Accountants.

Details of the Group Reorganisation are set out in the Prospectus of the Company dated 30 April, 2002 (the “Prospectus”).

The shares of the Company (the “Shares”) were listed on the GEM on 9 May, 2002.

### (c) Basis of presentation

The unaudited consolidated profit and loss accounts for the three months ended 30 June, 2003 and 2002 have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

The financial information presented has been prepared in accordance with accounting policies which conform with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules of the Stock Exchange as applicable to quarterly reports.



## 2. Turnover

Turnover represents the net amounts received and receivable for sales of goods by the Group to outside customers, less returns and allowances, and revenue received and receivable from sub-licensing of film rights and is analysed as follows:

	Three months ended 30 June,	
	2003	2002
	HK\$'000	HK\$'000
Sales of goods	17,340	12,746
Sub-licensing of film rights	326	987
	<u>17,666</u>	<u>13,733</u>

## 3. Taxation

	Three months ended 30 June,	
	2003	2002
	HK\$'000	HK\$'000

The charge comprises:

Hong Kong Profits Tax	339	270
Taxation in other jurisdictions	17	50
	<u>356</u>	<u>320</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the period.

Taxation arising on other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

There was no significant unprovided deferred taxation for the period.

#### 4. Earnings Per share

The calculation of the basic earnings per share for the period is based on the unaudited net profit for the period of approximately HK\$3,584,000 (2002: HK\$1,335,000) and the weighted average number of approximately 400,220,000 shares (2002: 400,000,000 shares) in issue during the period on the assumption that the Group Reorganisation and the capitalisation issue of 333,200,000 shares as set out in Appendix V to the Prospectus had been effective on 1 April, 2001.

The calculation of diluted earning per share for the period is based on the unaudited net profit for the period of approximately HK\$3,584,000 and the diluted weighted average number of approximately 404,934,000 shares in issue during the period. They have been calculated after taking into account all dilutive instruments outstanding as at 30 June, 2003. The effect of the dilutive potential ordinary shares resulting from the exercise of the outstanding share options on the weighted average number of shares in issue during the period are approximately 4,274,000 shares which were deemed to have been issued at no consideration as if all outstanding share options has been exercised on the date the options were granted.

Diluted earning per share is not presented for the three months ended 30 June, 2002 as there were no dilutive potential ordinary shares in existence during the period.

#### 5. Reserves

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April, 2002	1	—	10,440	(4)	15,135	25,572
Net profit for the period	—	—	—	—	1,335	1,335
Issue of shares	667	21,344	—	—	—	22,011
Issue of shares by capitalisation of share premium account	3,332	(3,332)	—	—	—	—
Share issue expenses	—	(5,155)	—	—	—	(5,155)
At 30 June, 2002	<u>4,000</u>	<u>12,857</u>	<u>10,440</u>	<u>(4)</u>	<u>16,470</u>	<u>43,763</u>
At 1 April, 2003	4,000	12,900	10,440	(8)	15,436	42,768
Net profit for the period	—	—	—	—	3,584	3,584
At 30 June, 2003	<u>4,000</u>	<u>12,900</u>	<u>10,440</u>	<u>(8)</u>	<u>19,020</u>	<u>46,352</u>

The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation to rationalise the group structure in preparation of the listing of the Company's shares on the GEM of the Stock Exchange, and the nominal value of the Company's Shares issued in exchange.



## **BUSINESS AND FINANCIAL REVIEW AND PROSPECTS**

### **Business and financial review**

Despite the continuing slack in consumer sentiment due to the weak economy in the region, Panorama has been able to maintain its outstanding role as a major entertainment provider in Asian market by offering a wide variety of quality films to audience.

Turnover of Panorama for the three months (the “Three-Month Period”) ended 30 June, 2003 amounted to approximately HK\$17.67 million (2002: HK\$13.73 million), representing approximately 28.70% increase as compared to that of the same period in 2002. Sales of goods for the Three-Month Period amounted to approximately HK\$17.34 million (2002: HK\$12.75 million), representing an increase of approximately 36.00% over the corresponding Three-Month Period last year. Sub-licensing income for the Three-Month Period was approximately HK\$0.33 million (2002: HK\$0.99 million), representing an approximately 66.67% decrease when compared to that of the same period in 2002. Net profit for the Three-Month Period amounted to HK\$3.58 million (2002: HK\$1.34 million), representing an increase of approximately 167.16% over the corresponding Three-Month Period last year.

### **Prospects**

Despite the current challenging and competitive operating environment in the film industry, Panorama has managed to sustain future growth by becoming more involved in the enhancement of its distribution capabilities and in the production of quality local films.

### **Movies**

Panorama has always been committed to broaden its audience spectrum through its distribution lines. In order to facilitate the theatrical release, Panorama has entered into a strategic alliance with Golden Scene Company Limited and several other leading film distributors, and has secured a line of theatre outlets to boost the distribution of locally produced titles and worldwide blockbusters.

Panorama has also acquired the video rights of several Hollywood and foreign theatrical titles, including "The Iron Ladies 2", "Far from Heaven", "Adaptation" and "Spy Kids 3D: Game Over". The Thai comedy "The Iron Ladies 2" tells the true story of a Thai male volleyball team, consisting mostly of gay, drag queens and transsexuals. Following the success of box office of its predecessor "The Iron Ladies" and in view of the funny dubbing of Ekin Cheng, Sandra Ng Kwan-Yue, Dicky Cheung Wai-Kin and Got Man-Fai, lots of audience will surely go for the movie. Nominated for four Oscars respectively, "Far From Heaven", starring Julianne Moore, Dennis Quaid and Dennis Haysbert; and "Adaptation", directed by Spike Jonze, director of "Being John Malkovich", can expect another box office fever at the release. The action science-fiction "Spy Kids" which beat "Lara Croft Tomb Raider: The Cradle of Life" at the US theatrical release can be expected to draw audience when it is released in Hong Kong at the end of August 2003.

In the wake of the outbreak of Severe Acute Respiratory Syndrome (SARS), Panorama has successfully won the bid of exclusive distribution rights of "1:99 Shorts" from the Federation of Hong Kong Film Workers. The movie, a joint effort of numerous super stars and the most well-established directors, is produced not only in commemoration of the fight against the SARS in the region, but also for charity purposes with all the revenues from the release donated to charity organizations.

## **Animation**

Following the immense success that Panorama has achieved with Digimon animation series before, a new Digimon movie "Digimon Super Express" will be scheduled for theatrical release in August 2003. It is poised to bring rich rewards to the Group.

As it has always been, the Group will continue to enhance its marketing directives to drive sales during the summer peak season. Notable animation titles scheduled for summer release on VCD and DVD formats include "Mobile Suit Gundam", "Saint Seiya" and the ever popular Digimon TV series. Souvenirs and stationery like mouse pads, calendars, and toy models will be attached to our DVD animation box sets to boost sales and publicity.





## **Music Programmes**

As for music programmes, Panorama will continue its endeavour to strengthen its music library. The Euroarts collection of classical titles, including Strauss and Walbuhne, will be continually released in summer 2003. The popular Music Mix series will be launched in fall and classics such as Roy Orbison, Marianne Faithfull and Marvin Gaye, will be among the upcoming release titles.

## **Film Production**

To be involved in the production and co-production of local films has been one of the key expansion directions of Panorama, as this is an effective means to strengthen Panorama's market position in the local movie scene.

Two notable scheduled film productions are "First Lesson" and "Erotica". The former is directed by prominent directors Mr Gordon Chan Ka-Seung and Fruit Chan, and starring Tony Leung Ka Fai, Anthony Wong Chau-Sang and Angelica Lee Sum-Kit. The latter, starring Louis Koo and Eason Chan, depicts the story of typical Hong Kong youths who try to establish their own business. Other similar joint ventures of partnering with renowned production companies, teaming up with famous local film makers and co-producing quality films are under way, reflecting Panorama's commitment to establish its role in the film production arena.

## **New Market Expansion**

Panorama has forged an alliance with a new distribution partner, Catalyst Logic Company Limited, a leading video distributor in Taiwan, and this will increase our reach in the Taiwanese market. Similarly, in Thailand a new distribution partner has been established with United Home Entertainment Company Limited, widening Panorama's distribution arms in the South East Asian region.

Business presence has already been established in most key Asian markets, and is going to expand vertically in terms of the scope of operation. In China, Panorama plans to set up additional regional offices in Beijing and Shanghai and thereby entrench its market position. It is also hoped that theatrical releases in the PRC will be achieved in the future so as to extend our scope of business in the Greater China region.

## DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 30 June, 2003 (2002: Nil).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND OPTIONS

As at 30 June, 2003, the interests or short positions of the Directors and the chief executive of the Company in the Shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the minimum standards of dealing by Directors in Rule 5.40 of the GEM Listing Rules were as follows:

### (a) Shares of the Company

#### *Long positions in Shares*

Name of Directors	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate
						percentage of issued Shares
Mr. Fung Yu Hing, Allan	18,331,500	—	233,340,000	—	251,671,500	62.79%
			(Note 1)			
Mr. Fung Yee Sang	31,663,500	—	—	—	31,663,500	7.90%

*Note 1:* These Shares are beneficially owned by and registered in the name of Allan Fung Assets Limited, which is beneficially owned as to 75% by Mr. Fung Yu Hing, Allan, as to 20% by Ms. Leung Siu Kuen, Janet and as to 5% by Ms. Fung Suen Lai, Jacqueline. Ms. Leung Siu Kuen, Janet is the wife of Mr. Fung Yu Hing, Allan and is an executive Director. Ms. Fung Suen Lai, Jacqueline is the daughter of Mr. Fung Yu Hing, Allan and is a non-executive Director. Accordingly, Mr. Fung Yu Hing, Allan is deemed to be interested in the 233,340,000 Shares held by Allan Fung Assets Limited under the SFO.



**(b) Share options**

Each of the Directors (including executive, non-executive and independent non-executive) had been granted certain share options under the Pre-IPO Share Option Scheme. Details of such share options are set out in the paragraph headed “Pre- IPO share option scheme” under the section headed “Share Option Schemes” below.

Save as disclosed above, as at 30 June, 2003, none of the Directors or their associates as well as the chief executive of the Company had any interests or short positions in the Shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules.

## **SHARE OPTION SCHEMES**

**(a) Share option scheme**

Pursuant to the share option scheme (the “Share Option Scheme”) of the Company adopted on 25 April, 2002, the Board may grant options to the employees (whether full time or part-time), directors (whether executive, non-executive or independent non-executive) and consultants or advisers of the Company and/or its subsidiaries to subscribe for Shares at such price as the Board shall determine, provided that such price shall not be less than the highest of (i) the closing price per Share on GEM as stated in the Stock Exchange’s daily quotation sheet on the date of offer of the option; (ii) the average closing prices per Share on GEM as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of offer of the option; and (iii) the nominal value of a Share. An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee provided that the period within which the Shares may be taken up under the option must not be more than 10 years from the date of grant of the option.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes (including the Pre-IPO Share Option Scheme as described below) must not exceed 30% of the issued share capital of the Company from time to time.

As at the date of this report, no option has been granted or agreed to be granted to any person under the Share Option Scheme.

**(b) Pre-IPO share option scheme**

Pursuant to another share option scheme (the “Pre-IPO Share Option Scheme”) of the Company adopted on 25 April, 2002, the Board has granted options to 45 persons (comprising all eight directors (including executive, non-executive and independent non-executive), five senior management staff and thirty-two other full-time employees of the Group) to subscribe for an aggregate of 40,000,000 Shares as to 20,000,000 Shares at a subscription price per Share equal to 10% of the Placing Price (i.e. HK\$0.33) (as defined in the Prospectus) which subscription price is approximately equivalent to HK\$0.033 (options granted at this price being referred to below as “Pool A Options”) and as to the remaining 20,000,000 Shares at a subscription price per Share equal to 70% of the Placing Price which subscription price is approximately equivalent to HK\$0.231 (options granted at this price being referred to below as “Pool B Options”). All of these options have a duration of 10 years from and including the date on which dealings in the Company’s shares on GEM first commence on 9 May, 2002, but each shall lapse in accordance with the terms of the Pre-IPO Share Option Scheme if the relevant grantee ceases to be an eligible participant or on any other grounds set out in the Pre-IPO Share Option Scheme as defined in the Prospectus. All share options granted under the Pre-IPO Share Option Scheme can only be exercised after twelve months from 9 May, 2002. As at 30 June, 2003, options to subscribe for an aggregate of 36,700,000 Shares had been granted to certain Directors

and employees of the Group under the Pre-IPO Share Option Scheme. Including options to subscribe for an aggregate of 24,800,000 Shares granted to certain Directors as stated below and an aggregate of 11,900,000 Shares granted to 30 employees of the Group. The particulars of the share options granted under the Pre-IPO Share Option Scheme to the Directors are set out below:—

<b>Name of Directors</b>	<b>Date of grant</b>	<b>Number of underlying shares attributable to both Pool A Options and Pool B Options</b>	<b>Approximate percentage of issued Shares</b>
Mr. Fung Yu Hing, Allan	25 April, 2002	7,000,000 (4,000,000 to Pool A Options and 3,000,000 to Pool B Options)	1.7465%
Ms. Leung Siu Kuen, Janet	25 April, 2002	6,000,000 (4,000,000 to Pool A Options and 2,000,000 to Pool B Options)	1.4970%
Mr. Fung Yee Sang	25 April, 2002	6,000,000 (4,000,000 to Pool A Options and 2,000,000 to Pool B Options)	1.4970%
Mr. Au Lik Man, Simon	25 April, 2002	2,000,000 (1,000,000 to Pool A Options and 1,000,000 to Pool B Options)	0.4990%
Dr. Lo Wing Yan, William	25 April, 2002	2,300,000 (1,800,000 to Pool A Options and 500,000 to Pool B Options)	0.5739%
Ms. Fung Suen Lai, Jacqueline	25 April, 2002	500,000 (to Pool B Options)	0.1248%
Mr. Chan Koon Chung, Johnny	25 April, 2002	500,000 (to Pool B Options)	0.1248%
Mr. Chau, Stephen	25 April, 2002	500,000 (to Pool B Options)	0.1248%

## SUBSTANTIAL SHAREHOLDERS

As at 30 June, 2003, the following persons had an interest or short position in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or were directly interested in 10% or more of the nominal value of any class of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

### *Long positions in Shares*

Name of shareholders	Number of Shares	Nature of interests	Approximate percentage of issued Shares
Allan Fung Assets Limited	233,340,000 ( <i>Note 1</i> )	Corporate	58.22%
Mr. Fung Yu Hing, Allan	251,671,500 ( <i>Note 2</i> )	Personal	62.79%

### *Notes:*

1. These 233,340,000 Shares are beneficially owned by and registered in the name of Allan Fung Assets Limited which is beneficially owned as to 75% by Mr. Fung Yu Hing, Allan, as to 20% by Ms. Leung Siu Kuen, Janet and as to 5% by Ms. Fung Suen Lai, Jacqueline. Ms. Leung Siu Kuen, Janet is the wife of Mr. Fung Yu Hing, Allan and is an executive Director. Ms. Fung Suen Lai, Jacqueline is the daughter of Mr. Fung Yu Hing, Allan and is a non-executive Director. Accordingly, Mr. Fung Yu Hing, Allan is also deemed to be interested in the 233,340,000 Shares held by Allan Fung Assets Limited under the SFO.
2. Of these 251,671,500 Shares, 18,331,500 Shares are held by Mr. Fung Yu Hing, Allan personally and the remaining 233,340,000 Shares (in which Mr. Fung Yu Hing, Allan is deemed to be interested under the SFO as mentioned in Note 1 above) are held by Allan Fung Assets Limited.



## OTHER SHAREHOLDER

As at 30 June, 2003, the following person had an interest or short position in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or was directly interested in 5% or more of the nominal value of any class of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

### *Long position in Shares*

<b>Name of shareholder</b>	<b>Number of Shares</b>	<b>Nature of interests</b>	<b>Approximate percentage of issued Shares</b>
Mr. Fung Yee Sang	31,663,500	Personal	7.90%

Save as disclosed above, as at 30 June, 2003, there is no person who had an interest or short position in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## COMPETING INTERESTS

None of the Directors, the management shareholders or the substantial shareholders (as defined under the GEM Listing Rules) of the Company, or any of their respective associates had any interest in a business which competes or may compete with the business of the Group.



## **SPONSOR'S INTEREST**

As at 30 June, 2003, neither First Shanghai Capital Limited (the "Sponsor") nor its directors or employees or associates (as referred in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Pursuant to the sponsorship agreement dated 29 April, 2002 entered into between the Company and the Sponsor, the Sponsor has received and will receive fees for acting as the Company's retained sponsor for the period from 9 May, 2002 to 31 March, 2005 or until the sponsorship agreement is terminated upon the terms and conditions set out therein.

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

During the three months ended 30 June, 2003, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the Company's listed securities.

## **BOARD PRACTICE AND PROCEDURES**

For the three months ended 30 June, 2003 the Company had been in compliance with the Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.





## AUDIT COMMITTEE

The Company established an audit committee (the “Committee”) on 25 April, 2002 with written terms of reference in compliance with the requirements as set out in Rule 5.23 of the GEM Listing Rules. The primary duties of the Committee are to review the Company’s annual report and financial statements, half-yearly reports and quarterly reports and to provide advice and comments to the Board. The Committee will also be responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The Committee comprises one non-executive Director, namely Dr. Lo Wing Yan, William, JP and two independent non-executive Directors, namely Mr. Chan Koon Chung, Johnny and Mr. Chau Stephen.

By order of the Board  
**Panorama International Holdings Limited**  
**Fung Yu Hing, Allan**  
*Chairman*

Hong Kong, 13 August, 2003