



PANORAMA INTERNATIONAL HOLDINGS LIMITED

鐳射國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

THIRD QUARTERLY REPORT

2004/2005

For the nine months ended

31 December, 2004

* *For identification purposes only*

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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.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER, 2004

The Board of Directors (the “Board”) of Panorama International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group” or “Panorama”) for the three and nine months ended 31 December, 2004 together with the comparative unaudited figures for the corresponding period in 2003 as follows:

	<i>Notes</i>	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		31 December,		31 December,	
		2004	2003	2004	2003
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	19,244	36,081	60,783	73,718
Cost of sales		(11,787)	(28,362)	(33,094)	(45,368)
Gross profit		7,457	7,719	27,689	28,350
Other operating income		123	14	137	82
Distribution costs		(69)	(112)	(293)	(612)
Administrative expenses		(4,515)	(4,631)	(13,634)	(14,743)
Other operating expenses		(343)	(593)	(1,018)	(1,695)
Profit from operations		2,653	2,397	12,881	11,382
Finance costs		(343)	(282)	(1,021)	(846)
Profit before taxation		2,310	2,115	11,860	10,536
Taxation	3	(277)	1,381	(1,881)	(162)
Profit before minority interests		2,033	3,496	9,979	10,374
Minority interests		30	(322)	(637)	(322)
Net profit for the period		2,063	3,174	9,342	10,052
Earnings per share – Basic	4	0.51 cent	0.79 cent	2.32 cents	2.51 cents
Earnings per share – Diluted	4	0.51 cent	0.78 cent	2.31 cents	2.47 cents

Notes:

1. BASIS OF PRESENTATION

The accounts have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March, 2004.

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, film exhibition and film distribution, and is analysed as follows:

	Three months ended		Nine months ended	
	31 December,		31 December,	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	14,698	14,730	47,951	47,402
Sub-licensing of film rights	4,268	1,538	8,794	5,697
Film exhibition and film distribution income	278	19,813	4,038	20,619
	<u>19,244</u>	<u>36,081</u>	<u>60,783</u>	<u>73,718</u>

3. TAXATION

	Three months ended		Nine months ended	
	31 December,		31 December,	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:				
Hong Kong Profits Tax	8	1,381	(168)	(86)
Taxation in other jurisdictions	-	-	(19)	-
Deferred tax charge	(285)	-	(1,694)	(76)
	<u>(277)</u>	<u>1,381</u>	<u>(1,881)</u>	<u>(162)</u>

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) of the estimated assessable profit for the three months and nine months ended 31 December, 2004. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the unaudited net profit for the period for the three months and nine months ended 31 December, 2004 of approximately HK\$2,063,000 and HK\$9,342,000 respectively (three months and nine months ended 31 December, 2003: HK\$3,174,000 and HK\$10,052,000 respectively) and the weighted average number of approximately 402,300,000 and 402,201,000 ordinary shares respectively for the three months and nine months ended 31 December, 2004 (three months and nine months ended 31 December, 2003: approximately 400,826,000 and 400,617,000 ordinary shares).

The calculation of diluted earnings per share is based on the unaudited net profit for the period for the three months and nine months ended 31 December, 2004 of approximately HK\$2,063,000 and HK\$9,342,000 respectively (three months and nine months ended 31 December, 2003: HK\$3,174,000 and HK\$10,052,000 respectively) and the diluted weighted average number of approximately 406,053,000 and 404,698,000 ordinary shares respectively for the three months and nine months ended 31 December, 2004 (three months and nine months ended 31 December, 2003: approximately 407,786,000 and 406,270,000 ordinary shares). They have been calculated after taking into account all dilutive instruments outstanding as at 31 December, 2004. 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 three months and nine months ended 31 December, 2004 were approximately 3,852,000 shares and 2,497,000 ordinary shares respectively (three months and nine months ended 31 December, 2003: approximately 6,560,000 and 5,653,000 ordinary shares) which were deemed to have been issued at no consideration as if all outstanding share options have been exercised on the date the options were granted.

5. RESERVES

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April, 2003	4,000	12,900	10,440	(8)	15,436	42,768
Issue of shares on exercise of share options	16	36	–	–	–	52
Net profit for the period	–	–	–	–	10,052	10,052
At 31 December, 2003	<u>4,016</u>	<u>12,936</u>	<u>10,440</u>	<u>(8)</u>	<u>25,488</u>	<u>52,872</u>
At 1 April, 2004	4,016	12,937	10,440	37	24,494	51,924
Issue of shares on exercise of share options	7	16	–	–	–	23
Net profit for the period	–	–	–	–	9,342	9,342
At 31 December, 2004	<u>4,023</u>	<u>12,953</u>	<u>10,440</u>	<u>37</u>	<u>33,836</u>	<u>61,289</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 31 December, 2004 (2003: Nil).

BUSINESS AND FINANCIAL REVIEW

During the third quarterly period ended 31 December, 2004, Panorama continued to enjoy a healthy business amid the prosperous economic environment and retained its leading status as one of the most established entertainment content providers in Asia.

On the financial side, the Group's turnover for the nine months ended 31 December, 2004 (the "Nine-Month Period") amounted to approximately HK\$60,783,000 (2003: HK\$73,718,000), representing approximately a 18% decrease as compared to that of the same period last year. Sales of goods for the Nine-Month Period amounted to approximately HK\$47,951,000 (2003: HK\$47,402,000), representing a slight increase of 1% over the corresponding period last year. Sub-licensing income for the Nine-Month Period was approximately HK\$8,794,000 (2003: HK\$5,697,000), representing an increase of 54% when compared to that of the same period last year. Film exhibition and distribution income for the Nine-Month Period was approximately HK\$4,038,000 (2003: HK\$20,619,000), representing a decrease over the corresponding period last year. Net profit for the Nine-Month Period amounted to approximately HK\$9,342,000 (2003: HK\$10,052,000), representing a decrease of 7% when compared to that of the same period in 2003.

On the operation side, the Group acquired film rights of numerous award-winning local and foreign films as well as international blockbusters, and continued to focus on the investment of quality local film production and strengthen the Group's theatrical-release arms.

During the nine months ended 31 December, 2004, Panorama released a number of popular local and international film titles, including titles from Golden Scene Company Limited. Notable releases include a collectors' edition of the Japanese teenage romance HANA & ALICE by the famous director Shunji Iwai, and a DVD box set containing four films (such as SWIMMING POOL and 8 FEMMES) by the distinguished French director Francois Ozon. Also released in winter was QUILL, a heart-warming film that generated the highest box office from a Japanese film in Hong Kong 2004.

Among the theatrical releases during the nine months ended 31 December, 2004 are A1, the Group's first fully financed film directed by Gordon Chan and starring Angelica Lee Sin Jie and Anthony Wong Chau Sang; and HAUTE TENSION, a gripping French horror film by young director Alexandre Aja. Also, Go Film Distribution Limited, a theatrical-distribution facilitator to the Group and a distribution agency, released the film COLOUR BLOSSOMS in October, an award winning romantic drama by Yonfan, starring Hong Kong Film Awards nominee, Teresa Cheung.

PROSPECTS

In 2005, the Group will continue to take full advantage of the current operating conditions in the film industry. In addition to adhering to the key strategy of acquiring more popular film rights and new releases, the Group will strengthen the distribution capabilities of local and foreign film titles so as to promote enormous future growth.

Films

Panorama has acquired several big international titles that are scheduled for theatrical and video release in the forthcoming year. Among them are Jet Li's DANNY THE DOG; HIDDEN BLADE by Yoji Yamada; and a comic classic, SIN CITY by Frank Miller and Robert Rodriguez. DANNY THE DOG is produced by the well-known filmmaker Luc Besson, starring Jet Li, one of the most popular action heroes in Hollywood, and award winning actor Morgan Freeman. HIDDEN BLADE is the long awaited follow-up to TWILIGHT SAMURAI, the Academy Award nominated film by the critically acclaimed Japanese director Yoji Yamada. SIN CITY features a stellar Hollywood cast including Academy Award winner Benicio Del Toro, Bruce Willis, Josh Hartnett and Elijah Wood, a potential summer hit.

Other hot titles to be released in the video market in 2005 include the Korean TV series, JEWEL IN THE PALACE, a period drama based on traditional Korean culture which enjoyed phenomenal success all over Asia; NOBODY KNOWS, a Japanese film about four abandoned siblings, starring Yuya Yagira, the youngest Best Actor in the history of Cannes Film Festival; and THE MOTORCYCLE DIARIES, a Golden Globe nominated Brazilian film featuring rising star, Gael Garcia Bernal.

Animation

Following the success of ever-popular animated series MOBILE SUIT GUNDAM and NEON GENESIS EVANGELION, Panorama will uphold its market presence by continuing to release classic Japanese animations. The highly anticipated series, GHOST IN THE SHELL: STAND ALONE COMPLEX by veteran animator Mamoru Oshii, whose latest animated film GHOST IN THE SHELL 2: INNOCENCE was nominated for Palme d'Or at Cannes Film Festival 2004, will hit the video market later this year.

Music Programmes

In order to cater to customers' diverse music taste, the Group will continue to widen its music library in terms of quality and variety. Upcoming releases this year include live performances by classic pop and rock artists from the 60's and 70's, such as the Beatles, Jefferson Airplane and Willie Nelson, as well as the NORMAN GRANZ: PABLO JAZZ series by Hall of Fame musicians such as Ella Fitzgerald, Count Basie and Oscar Peterson.

Film Production

The Group will continue to be in search of high quality film projects in 2005. It is an effective means to strengthen the Group's market position in the local film industry.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December, 2004, the interests of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance ("SFO")) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO), or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein, or which required, pursuant to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The Company

(a) Long positions in Shares

Name of Directors	Beneficial 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 (Note 1)	–	251,671,500	62.56%
Mr. Fung Yee Sang	31,663,500	–	–	–	31,663,500	7.87%

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) Long positions in underlying Shares of equity derivatives of the Company

Name of Directors	Date of grant	Type of interests	Name of underlying shares attributable to		Number of underlying shares	Approximate percentage of issued Shares
			Pool A options	Pool B options		
Mr. Fung Yu Hing, Allan	25 April, 2002	Beneficial	4,000,000	3,000,000	7,000,000 <i>(Note 1)</i>	1.7400%
Ms. Leung Siu Kuen, Janet	25 April, 2002	Beneficial	4,000,000	2,000,000	6,000,000 <i>(Note 1)</i>	1.4914%
Mr. Fung Yee Sang	25 April, 2002	Beneficial	4,000,000	2,000,000	6,000,000 <i>(Note 1)</i>	1.4914%
Mr. Au Lik Man, Simon	25 April, 2002	Beneficial	1,000,000	1,000,000	2,000,000 <i>(Note 1)</i>	0.4971%
Dr. Lo Wing Yan, William	25 April, 2002	Beneficial	1,800,000	500,000	2,300,000 <i>(Note 1)</i>	0.5717%
Ms. Fung Suen Lai, Jacqueline	25 April, 2002	Beneficial	–	500,000	500,000 <i>(Note 1)</i>	0.1243%
Mr. Chan Koon Chung, Johnny	25 April, 2002	Beneficial	–	500,000	500,000 <i>(Note 1)</i>	0.1243%
Mr. Chau, Stephen	25 April, 2002	Beneficial	–	500,000	500,000 <i>(Note 1)</i>	0.1243%

Note 1: These are share options to subscribe for shares of the Company pursuant to the Pre-IPO Share Option Scheme. Details of such options and the Pre-IPO Share Option Scheme are set out in Note 24 to the financial statements for the year ended 31 March, 2004.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 31 December, 2004, the following persons had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):–

(a) Long positions in Shares

Name	Beneficial interests	Family interests	Corporate interests	Total interests	Approximate percentage of issued Shares
Allan Fung Assets Limited	233,340,000 (Note 1)	–	–	233,340,000	58.00%
Mr. Fung Yu Hing, Allan	18,331,500	–	233,340,000 (Note 1)	251,671,500	62.56%
Ms. Leung Siu Kuen, Janet	–	251,671,500 (Note 2)	–	251,671,500	62.56%
Mr. Fung Yee Sang	31,663,500	–	–	31,663,500	7.87%

Notes:

- 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 deemed to be interested in the 233,340,000 Shares held by Allan Fung Assets Limited under the SFO.
- 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 have a corporate interest under the SFO as mentioned in note 1 above) are held by Allan Fung Assets Limited. As Ms. Leung Siu Kuen, Janet is the wife of Mr. Fung Yu Hing, Allan, Ms. Leung is deemed to be interested in the 251,671,500 Shares in which Mr. Fung is deemed to be interested under the SFO.

(b) Long positions in underlying Shares of equity derivatives of the Company

Name	Beneficial interests	Family interests	Corporate interests	Total interests	Approximate percentage of issued Shares
Mr. Fung Yu Hing, Allan	7,000,000 (Note 1)	6,000,000 (Note 2)	–	13,000,000	3.237%
Ms. Leung Siu Kuen, Janet	6,000,000 (Note 3)	7,000,000 (Note 4)	–	13,000,000	3.237%
Mr. Fung Yee Sang	6,000,000 (Note 5)	–	–	6,000,000	1.494%

Notes:

1. These share options were granted pursuant to the Pre-IPO Share Option Scheme, particulars of which are set out in note 24 to the financial statements for the year ended 31 March, 2004. Of these 7,000,000 share options, 4,000,000 share options were granted as Pool A Options and the remaining 3,000,000 share options were granted as Pool B Options.
2. These share options are beneficially owned by Ms. Leung Siu Kuen, Janet personally as mentioned in note 3 below. As Ms. Leung Siu Kuen, Janet is the wife of Mr. Fung Yu Hing, Allan, Mr. Fung Yu Hing, Allan is deemed to be interested in these 6,000,000 share options held by Ms. Leung Siu Kuen, Janet under the SFO.
3. These share options were granted pursuant to the Pre-IPO Share Option Scheme, particulars of which are set out in note 24 to the financial statements for the year ended 31 March, 2004. Of these 6,000,000 share options, 4,000,000 share options were granted as Pool A Options and the remaining 2,000,000 share options were granted as Pool B Options.
4. These share options are beneficially owned by Mr. Fung Yu Hing, Allan as referred to in note 1 above. As Mr. Fung Yu Hing, Allan is the husband of Ms. Leung Siu Kuen, Janet, Ms. Leung Siu Kuen, Janet is deemed to be interested in these 7,000,000 share options held by Mr. Fung Yu Hing, Allan under the SFO.
5. These share options were granted pursuant to the Pre-IPO Share Option Scheme, particulars of which are set out in note 24 to the financial statements for the year ended 31 March, 2004. Of these 6,000,000 share options, 4,000,000 share options were granted as Pool A Options and the remaining 2,000,000 share options were granted as Pool B Options.

COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the nine months ended 31 December, 2004.

SPONSOR'S INTERESTS

As at 31 December, 2004, neither MasterLink Securities (Hong Kong) Corporation 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 30 September, 2004 (the "Sponsorship Agreement") 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 30 September, 2004 to 31 March, 2005 or until the Sponsorship Agreement is terminated upon the terms and conditions set out therein.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the nine months ended 31 December, 2004. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the nine months ended 31 December, 2004.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Rules 5.34 to 5.45 of the GEM Listing Rules at any time during the nine months ended 31 December, 2004.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirms that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the nine months ended 31 December, 2004.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee has four members comprising one non-executive Director, namely Dr. Lo Wing Yan, William, JP and three independent non-executive Directors, namely Mr. Chan Koon Chung, Johnny, Mr. Chau, Stephen and Mr. Hui Kwok Wah.

The primary duties of the audit committee are to review the Company's annual report and account, interim reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee has met four times a year to review with management the accounting principles and practices adopted by the Group and to discuss auditing, internal control procedures and financial reporting matters.

The Group's financial statements for the nine months ended 31 December, 2004 have been reviewed by the audit committee, who was of the opinion that such financial statements complied with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures had been made.

DIRECTORS OF THE COMPANY

As at the date of this report, the Board comprises eight Directors, They are four executive Directors, namely Mr. Fung Yu Hing, Allan, Ms. Leung Siu Kuen, Janet, Mr. Fung Yee Sang and Mr. Au Lik Man, Simon, two non-executive directors, namely Dr. Lo Wing Yan, William, JP and Ms. Fung Suen Lai, Jacqueline and three independent non-executive directors, namely Mr. Chan Koon Chung, Johnny, Mr. Chau, Stephen and Mr. Hui Kwok Wah.

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

Hong Kong, 4 February, 2005