



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)

FIRST QUARTERLY REPORT

2005/2006

For the three months ended

30 June, 2005

* *For identification purposes only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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, 2005 (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, 2005 together with the comparative unaudited figures for the corresponding period of 2004 as follows:

		Three months ended	
		30 June,	
		2005	2004
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	23,239	18,557
Cost of sales		(15,094)	(8,092)
		<hr/>	<hr/>
Gross profit		8,145	10,465
Other operating income		586	1
Distribution costs		(424)	(55)
Administrative expenses		(4,979)	(4,619)
Other operating expenses		(645)	(335)
		<hr/>	<hr/>
Profit from operations		2,683	5,457
Finance costs		(346)	(341)
		<hr/>	<hr/>
Profit before taxation		2,337	5,116
Taxation	3	(923)	(922)
		<hr/>	<hr/>
Profit before minority interests		1,414	4,194
Minority interests		(204)	(568)
		<hr/>	<hr/>
Net profit for the period		1,210	3,626
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share – Basic	4	0.30 HK cent	0.90 HK cent
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share – Diluted	4	0.29 HK cent	0.89 HK cent
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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. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March, 2005.

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	
	30 June,	
	2005	2004
	HK\$'000	HK\$'000
Sales of goods	14,740	16,176
Sub-licensing of film rights	5,156	1,103
Film exhibition and film distribution income	3,343	1,278
	<hr/>	<hr/>
	23,239	18,557
	<hr/> <hr/>	<hr/> <hr/>

3. TAXATION

	Three months ended	
	30 June,	
	2005	2004
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	54	151
Taxation in other jurisdictions	–	11
Deferred tax charge	869	760
	<hr/>	<hr/>
	923	922
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for both periods.

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

The charge for the period can be reconciled to the profit per the income statement as follows:

	Three months ended	
	30 June,	
	2005	2004
	HK\$'000	HK\$'000
Profit before taxation	<u>2,337</u>	<u>5,116</u>
Tax at the domestic income tax rate of 17.5% (2004: 17.5%)	409	895
Tax effect of income not taxable in determining taxable profit	(3)	–
Tax effect of expenses that are not deductible in determining taxable profit	517	23
Effect of different tax rates of operation in other jurisdictions	–	4
Tax charge for the period	<u>923</u>	<u>922</u>

4. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's unaudited profits attributable to shareholders for the three months ended 30 June, 2005 of approximately HK\$1,210,000 (2004: approximately HK\$3,626,000) and the weighted average number of approximately 402,300,000 ordinary shares for the three months ended 30 June, 2005 (2004 : 402,000,000 ordinary shares) in issue during the period after adjustment for the capitalisation issue.

The calculation of diluted earnings per share for the three months ended 30 June, 2005 is based on the Group's unaudited profit attributable to shareholders of approximately HK\$1,210,000 (2004: approximately HK\$3,626,000) and the diluted weighted average number of approximately 412,127,000 shares (2004: 407,686,000 ordinary shares) in issue during the period. It has been calculated after taking into account all dilutive instruments outstanding as at 30 June, 2005. The effect of the potential dilutive ordinary shares resulting from the exercise of the outstanding share options on the weighted average number of shares in issue during the three months ended 30 June, 2005 is approximately 9,827,000 shares (2004: 5,686,000 shares) which are deemed to have been issued at no consideration and have been exercised on the date the options were granted.

5. RESERVES

	Share capital	Share premium	Special reserve	Translation reserve	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	–	–	–	–	3,626	3,626
At 30 June, 2004	<u>4,023</u>	<u>12,953</u>	<u>10,440</u>	<u>37</u>	<u>28,120</u>	<u>55,573</u>
At 1 April, 2005	4,023	12,953	10,440	67	28,888	56,371
Net profit for the period	–	–	–	–	1,210	1,210
At 30 June, 2005	<u>4,023</u>	<u>12,953</u>	<u>10,440</u>	<u>67</u>	<u>30,098</u>	<u>57,581</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June, 2005 (2004: Nil).

BUSINESS AND FINANCIAL REVIEW

During the first quarterly period ended 30 June, 2005, Panorama continued to enjoy a healthy business amid the prosperous economic environment, which offered a golden opportunity for the Group to expand by strengthening its film acquisition arm, forming new strategic partnerships, and also establishing in May 2005 a better equipped and furnished new head office in Kwai Chung. Thus, it enabled Panorama to retain its leading status as a major entertainment content provider in Asia.

The Group's turnover for the three months ended 30 June, 2005 (the "Three-Month Period") amounted to approximately HK\$23,239,000 (2004: HK\$18,557,000), representing approximately a 25% increase as compared to that of the same period in 2004. Sales of goods for the Three-Month Period amounted to HK\$14,740,000 (2004: HK\$16,176,000), representing a slight decrease of 9% over the corresponding period last year. Sub-licensing income for the Three-Month Period was approximately HK\$5,156,000 (2004: HK\$1,103,000), representing a significant increase when compared to that of the same period last year. Film exhibition and distribution income for the Three-Month Period was approximately HK\$3,343,000 (2004: HK\$1,278,000), also representing a significant increase when compared to that of the same period last year. Net profit for the Three-Month Period amounted to approximately HK\$1,210,000 (2004: HK\$3,626,000), representing a decrease of approximately 67% over the corresponding period last year.

On the operation side, the Group has acquired and released theatrically several international blockbusters, which enjoyed both critical and commercial success. Numerous popular film titles and TV series were also released to video market and achieved desirable sales record.

The Three-Month Period witnessed the theatrical release of the following film titles: DANNY THE DOG, starring Hollywood's favourite Kung-fu star Jet Li and Academy Award winning actor Morgan Freeman, produced by famous filmmaker Luc Besson; SIN CITY, the film adaptation of Frank Miller's eponymous comic classic, featuring a Hollywood all-star cast such as Bruce Willis, Clive Owen, Benicio Del Toro, and rising star Jessica Alba. AMITYVILLE HORROR, a Hollywood thriller produced by Michael Bay, is currently showing in theatres and expected to become a huge box-office success this summer.

As for the video market, the Group has continued to release titles that are both appealing to households and devoted film lovers. The Korean TV series JEWEL IN THE PALACE, starring Yeong-ae Lee, penetrated into the mass and local audience with ease and has become one of Panorama's top selling releases. Other notable releases include THE SEA INSIDE, oscar winning film 2005; NOBODY KNOWS starring Yuya Yagira, youngest Best Actor in the history of Cannes Film Festival; 2 YOUNG, a teenage romantic drama by award-winning local director Derek Yee, which topped the box-office chart earlier this year; BUTTERFLY by independent filmmaker Yan Yan Mak; and timeless classics by the Japanese film master Yasujiro Ozu such as TOKYO STORY and TOKYO TWILIGHT.

PROSPECTS

The Group will continue its commitment to acquiring more films of high quality and commercial value, fostering strategic partnerships for video releases, and expanding distribution network to reach a wider spectrum of audiences, especially in the Southeast Asia regions.

Films

The Group has acquired a number of commercial and art-house titles for theatrical and video release in this financial year. Among them are THE BROTHERS GRIMM, one of the biggest productions from Miramax; HIDDEN BLADE by Yoji Yamada, the follow-up to his Academy Award nominated film THE TWILIGHT SAMURAI; and the most anticipated final episode of the Vengeance trilogy from South Korean director, Park Chan-wook, SYMPATHY FOR LADY VENGEANCE, starring the leading actress of JEWEL IN THE PALACE, Yeong-ae Lee. Other remarkable acquisitions are MILLIONS by the director of TRAINSPOTTING, Danny Boyle; and BUPPAH RAHTREE, a top-grossing romantic thriller in Thailand.

Other hot titles to be released in video market include the Korean TV series LOVE STORY IN HARVARD; popular blockbusters from prestigious Hollywood film producers, Miramax and New Line film libraries, such as SEVEN and THE ENGLISH PATIENT; as well as THREE COLOURS TRILOGY and LOVE LETTER by late Krzysztof Kieslowski and Shunji Iwai respectively.

Animation

With an aim to uphold its essential status in local animation market, Panorama is devoted to releasing classic Japanese animation. Among the popular titles scheduled for video release this financial year are the long-awaited animated feature, GHOST IN THE SHELL 2: INNOCENCE by veteran animator Mamoru Oshii, as well as TV series of GHOST IN THE SHELL; the popular CREAMY MAMI on DVD; and two ULTRAMAN features.

Music Programmes

The Group will endeavour to widen its music library in terms of quality and variety in order to cater to customers' diverse taste. Upcoming releases include live performances by Jeff Healey, and Emerson, Lake & Palmer in JAZZ MONTREUX FESTIVAL; CATCH A FIRE by Bob Marley; PUFF PUFF PASS tour by Snoop Dogg; and ULTRA MUSIC FESTIVAL.

Chinese Film Production

Following the critical success of A-1 and COLOUR BLOSSOMS, the Group will continue to seek high quality local film projects, and participate in film productions with various parties across the region to strengthen its market position in the film industry.

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

As at 30 June, 2005, 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 <i>(Note 1)</i>	–	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 granted pursuant to the Pre-IPO Share Option Scheme. Details of such options and the Pre-IPO Share Option Scheme are set out in Note 25 to the financial statements for the year ended 31 March, 2005.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 June, 2005, 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	3.231%
Ms. Leung Siu Kuen, Janet	6,000,000 (Note 3)	7,000,000 (Note 4)	–	13,000,000	3.231%
Mr. Fung Yee Sang	6,000,000 (Note 5)	–	–	6,000,000	1.491%

Notes:

1. These share options were granted pursuant to the Pre-IPO Share Option Scheme, particulars of which are set out in note 25 to the financial statements for the year ended 31 March, 2005. 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 25 to the financial statements for the year ended 31 March, 2005. 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 25 to the financial statements for the year ended 31 March, 2005. 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 three months ended 30 June, 2005.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the three months ended 30 June, 2005. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the three months ended 30 June, 2005.

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 three months ended 30 June, 2005.

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 three months ended 30 June, 2005 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.

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

Hong Kong, 12 August, 2005

As at the date of this report, the executive directors of the Company are Mr. Fung Yu Hing, Allan, Ms. Leung Siu Kuen, Janet, Mr. Fung Yee Sang and Mr. Au Lik Man, Simon, and the Non-executive directors of the Company are Dr. Lo Wing Yan, William, JP and Ms. Fung Suen Lai, Jacqueline, and the Independent Non-executive directors are Mr. Chan Koon Chung, Johnny, Mr. Chau, Stephen and Mr. Hui Kwok Wah.