



**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**

**2005/2006**

For the nine months ended

31 December, 2005

\* *For identification purposes only*

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

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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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, 2005  
(UNAUDITED)**

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

		<b>(Unaudited)</b>		<b>(Unaudited)</b>	
		<b>Three months ended</b>		<b>Nine months ended</b>	
		<b>31 December,</b>		<b>31 December,</b>	
		<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	<b>23,638</b>	19,244	<b>66,239</b>	60,783
Cost of sales		<b>(14,949)</b>	(11,787)	<b>(43,323)</b>	(33,094)
<b>Gross profit</b>		<b>8,689</b>	7,457	<b>22,916</b>	27,689
Other operating income		<b>62</b>	123	<b>747</b>	137
Distribution costs		<b>(166)</b>	(69)	<b>(870)</b>	(293)
Administrative expenses		<b>(4,521)</b>	(4,515)	<b>(14,121)</b>	(13,634)
Other operating expenses		<b>(509)</b>	(343)	<b>(1,762)</b>	(1,018)
<b>Profit from operations</b>		<b>3,555</b>	2,653	<b>6,910</b>	12,881
Finance costs		<b>(538)</b>	(343)	<b>(1,350)</b>	(1,021)
<b>Profit before taxation</b>		<b>3,017</b>	2,310	<b>5,560</b>	11,860
Taxation	3	<b>(578)</b>	(277)	<b>(1,342)</b>	(1,881)
<b>Profit before minority interests</b>		<b>2,439</b>	2,033	<b>4,218</b>	9,979
Minority interests		<b>(290)</b>	30	<b>(313)</b>	(637)
<b>Net profit for the period</b>		<b>2,149</b>	2,063	<b>3,905</b>	9,342
Earnings per share – Basic	4	<b>0.53 cent</b>	0.51 cent	<b>0.97 cent</b>	2.32 cents
Earnings per share – Diluted	4	<b>0.52 cent</b>	0.51 cent	<b>0.95 cent</b>	2.31 cents

Notes:

## 1. BASIS OF PRESENTATION

The unaudited consolidated result have been prepared under the historical cost convention and in accordance with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Company Ordinance and the GEM Listing Rules.

In 2004, The HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (“HKFRS”) which are effective for accounting periods beginning on or after 1 January, 2005. The adoption of these HKFRS has no material impact on the Group’s results of operation and financial position.

The accounting policies adopted in preparing the unaudited consolidated results are consistent with those in the preparation of 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		Nine months ended	
	31 December,		31 December,	
	2005	2004	2005	2004
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Sales of goods	18,738	14,698	48,275	47,951
Sub-licensing of film rights	2,420	4,268	9,059	8,794
Film exhibition and film distribution income	2,480	278	8,905	4,038
	<u>23,638</u>	<u>19,244</u>	<u>66,239</u>	<u>60,783</u>

## 3. TAXATION

	Three months ended		Nine months ended	
	31 December,		31 December,	
	2005	2004	2005	2004
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
The (charge) credit comprises:				
Hong Kong Profits Tax	(80)	8	(84)	(168)
Taxation in other jurisdictions	-	-	-	(19)
Deferred tax charge	(498)	(285)	(1,258)	(1,694)
	<u>(578)</u>	<u>(277)</u>	<u>(1,342)</u>	<u>(1,881)</u>

Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the three months and nine months ended 31 December, 2005.

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, 2005 of approximately HK\$2,149,000 and HK\$3,905,000 respectively (three months and nine months ended 31 December, 2004: profit for the period of approximately HK\$2,063,000 and HK\$9,342,000 respectively) and the weighted average number of approximately 402,300,000 and 402,300,000 ordinary shares respectively for the three months and nine months ended 31 December, 2005 (three months and nine months ended 31 December, 2004: approximately 402,300,000 and 402,201,000 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, 2005 of approximately HK\$2,149,000 and HK\$3,905,000 respectively (three months and nine months ended 31 December, 2004: profit for the period of approximately HK\$2,063,000 and HK\$9,342,000 respectively) and the diluted weighted average number of approximately 411,755,000 and 412,134,000 ordinary shares respectively for the three months and nine months ended 31 December, 2005 (three months and nine months ended 31 December, 2004: approximately 406,053,000 and 404,698,000 ordinary shares). They have been calculated after taking into account all dilutive instruments outstanding as at 31 December, 2005. The effect of the dilutive potential ordinary shares resulting from the exercise of the outstanding share options on the weighted average number of shares is issue during the three months and nine months ended 31 December, 2005 were approximately 9,455,000 and 9,834,000 ordinary shares respectively (three months and nine months ended 31 December, 2004: approximately 3,753,000 and 2,497,000 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>	Accumulated profits <i>HK\$'000</i>	Total <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	–	–	–	–	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>
At 1 April, 2005	4,023	12,953	10,440	67	28,888	56,371
Net profit for the period	–	–	–	–	3,905	3,905
At 31 December, 2005	<u>4,023</u>	<u>12,953</u>	<u>10,440</u>	<u>67</u>	<u>32,793</u>	<u>60,276</u>

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of a dividend for the nine months ended 31 December, 2005 (2004: Nil).

## **BUSINESS AND FINANCIAL REVIEW**

During the third quarterly period ended 31 December, 2005, Panorama continued to enjoy a lucrative business amidst the prosperous economic environment and the increasing strong consumer sentiment. It enabled Panorama to retain its leading status as a major entertainment content provider in Greater China and Asia.

On the financial side, the Group's turnover for the nine months ended 31 December, 2005 (the "Nine-Month Period") amounted to approximately HK\$66,239,000 (2004: HK\$60,783,000), representing approximately a 9% increase as compared to that of the same period last year. Sales of goods for the Nine-Month Period amounted to approximately HK\$48,275,000 (2004: HK\$47,951,000), representing a slight increase of 1% over the corresponding period last year. Sub-licensing income for the Nine-Month Period was approximately HK\$9,059,000 (2004: HK\$8,794,000) representing an increase of 3% when compared to that of the same period last year. Film exhibition and distribution income for the Nine-Month Period was approximately HK\$8,905,000 (2004: HK\$4,038,000), representing a remarkable increase compared with that of last year. Net profit for the Nine-Month Period amounted to approximately HK\$3,905,000 (2004: HK\$9,342,000), representing a decrease of approximately 58% when compared to that of the same period in 2004.

On the operation side, the Group has acquired film rights from major studios to independent ones, from worldwide blockbusters to critically acclaimed works of art. The Group has also acquired the films rights of several successful local productions, and numerous TV series for video distribution and achieved desirable sales records.

In the past three months, Panorama witnessed the theatrical release of the following film titles: SYMPATHY FOR LADY VENGEANCE, the most anticipated final episode of the Vengeance trilogy from the award-winning director Chan-Wook Park, and starring superstar of Korean TV series JEWEL IN THE PALACE, Young-ae Lee; LOVE LETTER, the classic Japanese love story that broke a lot of box office records in Hong Kong ten years ago, is re-released and received favourable box office results; RAHTREE, FLOWER OF THE NIGHT, the top-grossing romantic thriller from Thailand; MILLIONS, the delightful and heart-warming British comedy from the award-winning director of TRAINSPOTTING, Danny Boyle, which has also been selected as one of the best films of the year by most American critics; and action drama BLOOD AND BONES, starring Kitano Takeshi and directed by the director of QUILL, Sai Yoichi.

As for the video market, the Group has continued its strength in releasing popular titles that are appealing to both households and film lovers. During the three-month period, Panorama has specially packaged, released and promoted three Hong Kong blockbusters with outstanding sales. They include box-office hit DRINK DRANK DRUNK, starring Miriam Yeung and Daniel Wu, is directed by the Best Director of the Hong Kong Film Awards, Derek Yee, who brought us 2 YOUNG a few months ago; Director Stanley Kwan's EVERLASTING REGRET, the official selection of the Venice Film Festival this year, which starred Sammi Cheng and Tony Leung Ka Fai; and ELECTION, the critically and commercially successful film that starred Tony Leung Ka Fai and Simon Yam, and directed by Johnnie To, one of the best directors working in Hong Kong today.

Other major film titles to hit the video market in this financial year include THE BROTHERS GRIMM, with Matt Damon and Heath Ledger, and directed by the legendary Terry Gilliam; THE HIDDEN BLADE, the multi-award winning film from master director Yamada Yoji of TWILIGHT SAMURAI; SYMPATHY FOR LADY VENGEANCE, the internationally acclaimed Korean film with Young-ae Lee in the lead and directed by Chan-Wook Park; and MARATHON, one of the highest grossing Korean films of the year, which garnered multiple awards in Korea.

Other notable releases include INNOCENCE, the long awaited Japanese animation from veteran director Mamori Oshii; and BAD SANTA, the critically acclaimed black comedy from director Terry Zwigoff and starred Billy Bob Thornton.

## 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.

The Group has acquired a number of commercial and art-house titles for theatrical and video release in this financial year. Among them are WEDDING CRASHERS, one of the most successful comedies of 2005 in the U.S., starring Owen Wilson and Vince Vaughn; THE NEW WORLD, from master director Terrence Malick of THE THIN RED LINE; FINAL DESTINATION 3, the sequel of one of the most successful film franchises of the past few years; and STORMBREAKER, a teenage action adventure in the tradition of SPY KIDS, based on the best-selling series of Alex Rider novels by Anthony Horowitz.

Other hot titles to be released in the video market include popular Korean films like MY LITTLE BROTHER and APRIL SNOW; one of the most popular Japanese movies of the year, NANA; the highly acclaimed drama OLIVER TWIST from the Academy Award winning director Roman Polanski; Miramax and New Line film libraries, such as SEVEN and PULP FICTION; as well as THE THREE COLOURS TRILOGY by the late Krzysztof Kieslowski, and the collection of successful films by the director of LOVE LETTER, Shunji Iwai.

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

As at 31 December, 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 (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 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 31 December, 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 nine months ended 31 December, 2005.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the nine months ended 31 December, 2005. 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, 2005.

## **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 confirmed 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, 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 nine months ended 31 December, 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.

## **DIRECTORS OF THE COMPANY**

As at the date of this report, the Board comprises four executive directors of the Company 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, 10 February, 2006