



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

2006/2007

For the three months ended

30 June, 2006

* *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.

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE, 2006 (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, 2006 together with the comparative unaudited figures for the corresponding period of 2005 as follows:

		Three months ended	
		30 June,	
	<i>Notes</i>	2006	2005
		HK\$'000	HK\$'000
Turnover	2	15,144	23,239
Cost of sales		(10,883)	(15,094)
Gross profit		4,261	8,145
Other operating income		120	586
Distribution costs		(137)	(424)
Administrative expenses		(4,035)	(4,979)
Other operating expenses		(391)	(645)
(Loss) Profit from operations		(182)	2,683
Finance costs		(663)	(346)
(Loss) Profit before taxation		(845)	2,337
Taxation	3	(333)	(923)
(Loss) Profit for the period		(1,178)	1,414
Attributable to:			
Equity holders of the Company		(977)	1,210
Minority Interest		(201)	204
		(1,178)	1,414
(Loss) Earnings per share			
– Basic	4	(0.24) HK cent	0.30 HK cent
– Diluted	4	N/A	0.29 HK cent

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated result have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principals generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Company Ordinance and the GEM Listing Rules. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March, 2006.

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,	
	2006	2005
	HK\$'000	HK\$'000
Sales of goods	10,208	14,740
Sub-licensing of film rights	3,955	5,156
Film exhibition and film distribution income	981	3,343
	<u>15,144</u>	<u>23,239</u>

3. TAXATION

	Three months ended 30 June,	
	2006	2005
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	–	54
Deferred tax charge	333	869
	<u>333</u>	<u>923</u>

Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for both periods.

4. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the Group’s unaudited loss attributable to shareholders for the three months ended 30 June, 2006 of approximately HK\$977,000 (2005: profit of approximately HK\$1,210,000) and the weighted average number of approximately 402,300,000 ordinary shares for the three months ended 30 June, 2006 (2005 : 402,300,000 ordinary shares) in issue during the period after adjustment for the capitalisation issue.

For the three months ended 30 June, 2006, no diluted loss per share has been presented as it is anti-dilutive.

The calculation of diluted earnings per share for the three months ended 30 June, 2005 was based on the Group’s unaudited profit attributable to shareholders of approximately HK\$1,210,000 and the diluted weighted average number of approximately 412,127,000 ordinary shares in issue during the period. It had 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 was approximately 9,827,000 shares which were deemed to have been issued at no consideration and 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, 2005	4,023	12,953	10,440	67	28,888	56,371
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>
At 1 April, 2006	4,023	12,953	10,440	67	32,713	60,196
Loss for the period	—	—	—	—	(977)	(977)
At 30 June, 2006	<u>4,023</u>	<u>12,953</u>	<u>10,440</u>	<u>67</u>	<u>31,736</u>	<u>59,219</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June, 2006 (2005: Nil).

BUSINESS AND FINANCIAL REVIEW

Amidst the challenges presented by continuing weak consumer sentiment and the poor retail business in the region, the Group remains well positioned to sustain our market standing as one of the leading entertainment providers in Asia. With our comprehensive range of quality entertainment content, the Group is able to offer extensive variety and choice to its audiences.

The Group's turnover for the three months ended 30 June, 2006 (the "Three-Month Period") amounted to approximately HK\$15,144,000 (2005: HK\$23,239,000), representing approximately a 35% decrease as compared to that of the same period in 2005. Sales of goods for the Three-Month Period amounted to HK\$10,208,000 (2005: HK\$14,740,000), representing a decrease of 31% over the corresponding period last year. Sub-licensing income for the Three-Month Period amounted to HK\$3,955,000 (2005: HK\$5,156,000), representing a decrease of 23% over the corresponding period last year. Film exhibition and distribution income for the Three-Month Period was approximately HK\$981,000 (2005: HK\$3,343,000), representing a decrease when compared to that of the same period last year. Loss for the Three-Month Period amounted to approximately HK\$977,000 (2005: Profit for the three months ended 30 June, 2005 HK\$ 1,210,000).

During the first quarterly period ended 30 June, 2006, the decline in turnover and loss over the last three months can be largely attributed to the downturn in consumer spending due to the decline in the general entertainment business, as well as to increased pricing pressure from competitors.

In the past three months, Panorama witnessed the theatrical release of the following film titles: THE NEW WORLD, a poetic epic by legendary director Terrence Malick and starring Colin Farrell; FINAL DESTINATION 3, the sequel to one of the most successful thriller franchises ever, which also becomes one of the highest grossing films that our Group has ever released; and The DARK, the American thriller starring Golden Globe nominee Maria Bello and Sean Bean, the star of THE LORD OF THE RINGS TRILOGY.

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 released the Chinese New Year blockbuster THE SHOPAHOLICS that starred Lau Ching Wan and Cecilia Cheung; DON'T MOVE, the Italian film starring Penelope Cruz that garnered the Best Actor and Best Actress Awards at the Italian Oscars; LITTLE BROTHER, the touching little piece that won both commercial and critical success in Korea; LAND OF PLENTY, the new film from master director Wim Wenders; CAFE LUMIERE, the first Japanese film directed by the Taiwanese filmmaker Hou Hsiao Hsien; and THE ART OF SEDUCTION, the Korean blockbuster starring the lovely and funny Soon Ye-jin.

Apart from that, we have also released several World Cup titles and football documentaries to cope with the World Cup hype in Hong Kong. These include DESTINATION GERMANY, FIFA WORLD CUP STORIES and STEVEN GERRARD – MY STORY. These video releases have provided our consumers a good companion for enjoying World Cup 2006.

Other major film titles to hit the video market in the first quarter of this financial year include the deluxe special edition of SYMPATHY FOR LADY VENGEANCE, a two-disc beautifully packaged box set of the Lee Young-ae vehicle; NANA, the wildly popular Japanese film that has become a phenomenon locally, which stars Nakamishi Mika and Miyazaki Aoi; and the classic Japanese films directed by Shunji Iwai, including FIREWORKS, FRIED DRAGON FISH, SWALLOWTAIL BUTTERFLY, etc.

PROSPECTS

Despite the challenges presented by the operating environment in Asia, Panorama has formulated concrete strategies for sustained future growth. The Group will continue its involvement in the production of high quality local films and 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.

Among our upcoming titles are STORMBREAKER, a Hollywood-style action adventure franchise in the tradition of James Bond, based on the best-selling series of Alex Rider novels by Anthony Horowitz; LUCKY NUMBER SLEVIN, the intelligent crime thriller starring Bruce Willis, Josh Hartnett, Morgan Freeman and Lucy Liu; MEMORIES OF MATSUKO, a perfect blend of comedy, fantasy and fairy tale directed by Nakamishi Tetsuya of KAMAKAZE GIRLS, which stars Nakatani Miki of TRAIN MAN; the highly anticipated MR. 3 MINUTES, a comedy that features Ronald Cheng, the comedy actor of several successful local blockbusters in the past few years.

Other hot titles to be released in the video market include ELECTION 2, the much-anticipated sequel to the critically and commercially successful ELECTION, which stars Louis Koo and Simon Yam; TONY TAKITANI, the beautifully shot adaptation of Murakami's bestsellers, which stars Miyazawa Rie; SHINING BOY AND LITTLE RANDY, the popular Japanese film about a young boy who wants to become Japan's first elephant trainer; and the special edition of FINAL DESTINATION 3, which provides a "Choose Their Fate" interactive feature that enables the consumers to choose the destiny of the characters in the film.

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

As at 30 June, 2006, 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 (Note 1)	1.7400%
Ms. Leung Siu Kuen, Janet	25 April, 2002	Beneficial	4,000,000	2,000,000	6,000,000 (Note 1)	1.4914%
Mr. Fung Yee Sang	25 April, 2002	Beneficial	4,000,000	2,000,000	6,000,000 (Note 1)	1.4914%
Mr. Au Lik Man, Simon	25 April, 2002	Beneficial	1,000,000	1,000,000	2,000,000 (Note 1)	0.4971%
Dr. Lo Wing Yan, William	25 April, 2002	Beneficial	1,800,000	500,000	2,300,000 (Note 1)	0.5717%
Ms. Fung Suen Lai, Jacqueline	25 April, 2002	Beneficial	–	500,000	500,000 (Note 1)	0.1243%
Mr. Chan Koon Chung, Johnny	25 April, 2002	Beneficial	–	500,000	500,000 (Note 1)	0.1243%
Mr. Chau, Stephen	25 April, 2002	Beneficial	–	500,000	500,000 (Note 1)	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 27 to the financial statements for the year ended 31 March, 2006.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 June, 2006, 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 <i>(Note 1)</i>	—	—	233,340,000	58.00%
Mr. Fung Yu Hing, Allan	18,331,500	—	233,340,000 <i>(Note 1)</i>	251,671,500	62.56%
Ms. Leung Siu Kuen, Janet	—	251,671,500 <i>(Note 2)</i>	—	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 <i>(Note 1)</i>	6,000,000 <i>(Note 2)</i>	–	13,000,000	3.231%
Ms. Leung Siu Kuen, Janet	6,000,000 <i>(Note 3)</i>	7,000,000 <i>(Note 4)</i>	–	13,000,000	3.231%
Mr. Fung Yee Sang	6,000,000 <i>(Note 5)</i>	–	–	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 27 to the financial statements for the year ended 31 March, 2006. 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 27 to the financial statements for the year ended 31 March, 2006. 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 27 to the financial statements for the year ended 31 March, 2006. 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, 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the three months ended 30 June, 2006. 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, 2006.

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, 2006 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, 11 August, 2006