



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

2006/2007

For the nine months ended

31 December, 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.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER, 2006 (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 nine months ended 31 December, 2006 together with the comparative unaudited figures for the corresponding period of 2005 as follows:

	<i>Notes</i>	(Unaudited) Three months ended 31 December,		(Unaudited) Nine months ended 31 December,	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	2	13,974	23,638	43,345	66,239
Cost of sales		(13,010)	(14,949)	(36,718)	(43,323)
Gross profit		964	8,689	6,627	22,916
Other operating income		165	62	497	747
Distribution costs		(300)	(166)	(651)	(870)
Administrative expenses		(3,296)	(4,521)	(11,182)	(14,121)
Other operating expenses		(356)	(509)	(1,343)	(1,762)
(Loss)/Profit from operations		(2,823)	3,555	(6,052)	6,910
Finance costs		(727)	(538)	(2,260)	(1,350)
(Loss)/Profit before taxation		(3,550)	3,017	(8,312)	5,560
Taxation	3	580	(578)	1,088	(1,342)
(Loss)/Profit for the period		(2,970)	2,439	(7,224)	4,218
Attributable to:					
Equity holders of the Company		(2,872)	2,149	(6,718)	3,905
Minority Interest		(98)	290	(506)	313
		(2,970)	2,439	(7,224)	4,218
(Loss)/Earnings per share – basic	4	(0.71) cent	0.53 cent	(1.66) cent	0.97 cent
(Loss)/Earnings per share – diluted	4	(0.71) cent	0.52 cent	(1.66) cent	0.95 cent

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated results 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.

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, 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		Nine months ended	
	31 December,		31 December,	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	10,608	18,758	32,171	48,275
Sub-licensing of film rights	1,855	2,420	6,760	9,059
Film exhibition and film distribution income	1,511	2,480	4,414	8,905
	<u>13,974</u>	<u>23,638</u>	<u>43,345</u>	<u>66,239</u>

3. TAXATION

	Three months ended		Nine months ended	
	31 December,		31 December,	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The (charge) credit comprises:				
Hong Kong Profits Tax	–	(80)	–	(84)
Deferred tax charge	580	(498)	1,088	(1,258)
	<u>580</u>	<u>(578)</u>	<u>1,088</u>	<u>(1,342)</u>

Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the three months and nine months ended 31 December, 2006.

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

4. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the unaudited net (loss) for the period for the three months and nine months ended 31 December, 2006 of approximately (HK\$2,872,000) and (HK\$6,718,000) respectively (three months and nine months ended 31 December, 2005: profit for the period of approximately HK\$2,149,000 and HK\$3,905,000 respectively) and the weighted average number of approximately 407,023,696 and 403,880,291 ordinary shares respectively for the three months and nine months ended 31 December, 2006 (three months and nine months ended 31 December, 2005: approximately 402,300,000 and 402,300,000 ordinary shares).

The Company has no dilutive (loss)/earnings per share for the three months and nine months ended 31 December 2006. All share options granted were lapsed during the second quarter of 2006. The calculation of diluted (loss)/earnings per share is based on the unaudited net (loss)/profit for the period for the three months and nine months ended 31 December, 2006 of approximately (HK\$2,872,000) and (HK\$6,718,000) respectively (three months and nine months ended 31 December, 2005: profit for the period of approximately HK\$2,149,000 and HK\$3,905,000 respectively) and the diluted weighted average number of approximately 407,023,696 and 403,880,291 ordinary shares respectively for the three months and nine months ended 31 December, 2006 (three months and nine months ended 31 December, 2005: approximately 411,755,000 and 412,134,000 ordinary shares).

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
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>
At 1 April, 2006	4,023	12,953	10,440	67	32,713	60,196
Issue of share on exercise of share option	21	48	—	—	—	69
Issue of new shares	804	4,696	—	—	—	5,500
Net (loss) for the period	—	—	—	—	(6,719)	(6,719)
At 31 December, 2006	<u>4,848</u>	<u>17,697</u>	<u>10,440</u>	<u>67</u>	<u>25,994</u>	<u>59,046</u>

6. INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 31 December, 2006 (2005: Nil).

BUSINESS AND FINANCIAL REVIEW

During the third quarterly period ended 31 December, 2006, 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.

On the operation side, the Group has acquired film rights of worldwide blockbusters, which enjoyed both critical and commercial success during theatrical release. The Group has also acquired the films rights of several successful local productions, and numerous TV series for video distribution and many have surpassed projected sales figures.

In the Three-Month Period, Panorama witnessed the theatrical release of the following film titles: LUCKY NUMBER SLEVIN, an intelligent crime thriller in the tradition of PULP FICTION starring Bruce Willis, Josh Hartnett, Morgan Freeman and Lucy Liu; BREAKFAST ON PLUTO, the critically acclaimed film about a transvestite who is in search of his birth mother, played by the Golden Globe Award Best Actor Nominee Cillian Murphy and directed by Neil Jordan. The film opened the Hong Kong Lesbian and Gay Film Festival to great success; MR 3 MINUTES, the comedy featuring Ronald Cheng, the comedy actor of several successful local blockbusters in the past few years.

As for the video market, the Group has continued to release popular titles that are appealing to both households and film buffs. During this period, Panorama has released and promoted the following blockbusters with outstanding sales: STORMBREAKER, the Hollywood-style action adventure franchise in the tradition of James Bond, based on the best-selling children's series of Alex Rider novels by Anthony Horowitz; and SNAKES ON A PLANE, the commercially successful edge-of-your-seat thriller starring Samuel L. Jackson.

Other major video releases include HELEN THE BABY FOX, the Japanese feel-good drama about the friendship between a boy and his pet fox, in the tradition of QUILL; TIME TO LEAVE, the new film by the award-winning French director Francois Ozon; MRS. HENDERSON PRESENTS, the war-time comedy directed by the Oscar nominated director, Stephen Frears; TIDELAND, another wonderfully weird production by the master director of THE BROTHERS GRIMM, Terry Gilliam; and TAKESHIS', the new film by director and actor Kitano Takeshi.

Other notable releases include PURPLE BUTTERFLY, the powerful Chinese drama that features international star Zhang Ziyi; SPLENDID FLOAT, the critically acclaimed Taiwanese film that won the Best Taiwan Film Award at the Golden Horse Film Awards; DEVILMAN, one of the most popular Japanese CGI animation of the year; and HOODWINKED, the animated feature that became the latest U.S. box-office success.

During the period, the Group has acquired Datewell group, a group engaged in licensing of animation characters and design; co-production and distribution of animation characters and related merchandises. The acquisition offered the Group vast opportunities in China and as well as overseas animation markets.

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 highly anticipated TEENAGE MUTANT NINJA TURTLES, the whole new 3D animated film of the popular animated series, is a major theatrical release for our Group in the financial year 2006/07. Another theatrical release is FUR: AN IMAGINARY PORTRAIT OF DIANE ARBUS, the fictional account of the life of legendary photographer Diane Arbus, and her peculiar love affair with a freak; and FEAST, the new horror film produced by Matt Damon and Ben Affleck, which became an instant cult hit.

The Group has acquired a number of commercial and art-house titles for theatrical and video release in this financial year. Among them are AFTER THIS OUR EXILE, the multi award-winning Hong Kong film starring Aaron Kwok and Charlie Young, and directed by the legendary Hong Kong new wave director, Patrick Tam; TOKYO FRIENDS, the most talked about TV drama of the year in Japan; and THE RETURN, the latest horror film starring Hollywood sweetheart Sarah Michelle Gellar.

The fast growing consumer markets in China provide ample prospects for the Group to expand in the animation market. The Group will continue to procure an array of animation characters and to develop its animated business. The overwhelming response of the animated PLEASANT GOAT AND BIG BIG WOLF and HAPPY FAMILY, with the acquired rights, the Group will enjoy ample expansion opportunities in the channel distributions and licensing merchandize business from our animated characters.

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

As at 31 December, 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:

Long positions in Shares

Name of directors	Beneficial interests	Family interests	Corporate interests	Other interests	Total interests	Approximate percentage of issued shares
Mr. Chin Wai Keung, Richard	250,515,000	–	–	–	250,515,000	51.67%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 31 December, 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):–

Long positions in Shares

Name	Beneficial interests	Family interests	Corporate interests	Total interests	Approximate percentage of issued shares
So Wing Lok Jonathan	41,034,600	–	–	41,034,600	8.47%
Lo Wing Keung	39,425,400	–	–	39,425,400	8.13%
Nice Hill Investments Limited	250,515,000 (Note 1)	–	–	250,515,000	51.67%
Mr. Chin Wai Keung, Richard	–	–	250,515,000 (Note 1)	250,515,000	51.67%
Ms. Kwan Yuet Wah, Rosanna	–	250,515,000 (Note 2)	–	250,515,000	51.67%

Notes:

1. These 250,515,000 shares are beneficially owned by and registered in the name of Nice Hill Investments Limited, which is beneficially owned as to 100% by Mr. Chin Wai Keung, Richard. Accordingly, Mr. Chin Wai Keung, Richard is deemed to be interested in the 250,515,000 shares held by Nice Hill Investments Limited under SFO.
2. As Ms. Kwan Yuet Wah, Rosanna is the wife of Mr. Chin Wai Keung, Richard, Ms. Kwan is deemed to be interested in the 250,515,000 shares in which Mr. Chin is deemed to be interested under the SFO.

ISSUANCE OF NEW SHARES FOR ACQUISITION OF ENTIRE INTERESTS IN DATEWELL LIMITED

On 27 November, 2006, the Company announced an acquisition agreement was entered on 22 November, 2006 between the Company and the vendors, Mr. So Wing Lok Jonathan and Mr. Lo Wing Keung (the “Vendor”), the entire equity interest of Datewell Limited and its subsidiaries (the “Datewell Group”) for a total consideration of HK\$5,500,000. The consideration was satisfied by the Company allotted and issued 80,460,000 shares to the Vendors of Datewell Group at the issue price of approximately HK\$0.0684 per share at the completion date of 29 December, 2006.

The Datewell Group is principally engaged in licensing of animation characters and design, co-production and distribution of animation characters, animation and related merchandises. Details of this discloseable transaction please refer to the announcement dated 27 November 2006.

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, 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the nine months ended 31 December, 2006. 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, 2006.

CORPORATE GOVERNANCE

Save and except the following deviation from the code of provision set out in the Code on Corporate Governance Practice as contained in Appendix 15 to the GEM Listing Rules (the “CCGP”), the Company had, during the period under review, complied with the CCGP:

Code provisions set out in the CCGP

A.2 The Chairman and Chief Executive Officer of the Company were performed by the same individual

Reason for deviations

The Company size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer;

The Group has in place an internal control system to perform the check and balance function.

Save as disclosed, the Company has met the code provisions set out in the CCGP throughout the nine months ended 31 December, 2006.

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, 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 three members comprising Mr. Chow Shiu Ki, Mr. Hung Tik and Mr. Lam Wai Leung.

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, 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.

By Order of the Board
Panorama International Holdings Limited
Chin Wai Keung, Richard
Chairman

Hong Kong, 13 February, 2007

As at the date of this report, the Board comprises four executive Directors, Mr. Fung Yu Hing, Allan, Mr. Fung Yee Sang, Mr. Chin Wai Keung, Richard and Mr. Tso Kin Nam; and three independent non-executive Directors, Mr. Chow Shiu Ki, Mr. Hung Tik and Mr. Lam Wai Leung.