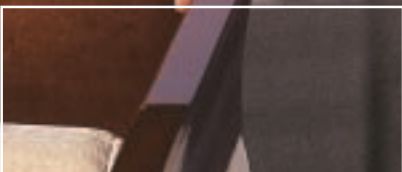


Chairman's  
Statement  
主席  
報告書



The past few years have represented challenging times for Asia. The outbreak of Severe Acute Respiratory Syndrome (SARS) last year was a severe double blow to the region which was still struggling to rebound from an economic downturn. For many businesses in Hong Kong, danger warnings were sounded.

But, as the Chinese saying goes, a time of danger is also a time of opportunity; a time to put new plans and ventures into action. At Golden Harvest, we have been doing exactly that and, despite difficult times, we are now beginning to see the fruits of our plans and firm convictions.

This has been helped in part by the stimulus for growth provided by the signing of the Mainland China – Hong Kong Closer Economic Partnership Arrangement (CEPA) which came into effect in January 2004. New opportunities in China for the Hong Kong film industry have resulted in renewed confidence and a robust rebound in the box office.

In the past few years, you have heard me talk about a more dedicated approach by focusing on our core businesses such as film distribution, financing and exhibition. I am pleased to say that this strategy is now paying off. Our decision to cut back on production and concentrate on film financing and distribution have been recognised and supported by our industry peers.

過去數年對亞洲而言可謂挑戰重重。去年，非典型肺炎（「沙士」）爆發，對區內正力圖復甦的經濟造成雙重打擊。香港多間企業紛紛發出盈利警告。

然而，常言道：有危必有機，艱難時期正是計劃付諸實行之好時機。嘉禾一直堅信這個道理，而儘管市道低迷，集團亦正迎接多項計劃及堅定信念之成果。

集團錄得增長，部分原因是中國大陸與香港訂立於二零零四年一月生效之更緊密經貿關係安排（CEPA）。中國為香港電影業帶來之新機遇令業內人士重拾信心，票房收益也呈可觀的反彈。

過去數年，本人曾提及集團將專注於電影發行、融資及戲院經營等核心業務。本人欣然宣佈，集團正因此策略獲得回報，可見集團減少製作並集中於電影融資及發行之決定已獲得同儕認同及支持。



In the past year, we have been able to welcome new shareholders and partners, which includes a joint-venture with international entertainment entity, Typhoon Music (PRC) Limited, a joint-venture between EMI Group Plc and Mr. Norman Cheng who share our vision and are supportive of Golden Harvest's plans to expand our activities in the areas of film financing and distribution businesses.

For us, this reinforces our already strong belief that we are going in the right direction and we will maintain our vigilance in sourcing other new partners to strengthen our capital base.

過去一年，集團一直歡迎新股東及合作夥伴加入，其中包括與國際娛樂企業 Typhoon Music (PRC) Limited 成立之合營公司，該公司為 EMI Group Plc 及鄭東漢先生成立之合營公司，彼等與集團有共同目標並支持嘉禾擴充該等電影融資及發行業務之計劃。

對於集團而言，新股東及合作夥伴之加入，再一次印證集團正邁向正確之方向，而集團將繼續物色其他新合作夥伴，以加強集團之資本基礎。

Although our film production business still remains largely dormant, our years of production experience have also not gone to waste as we continue to outsource our skills and services to external clients.

As I mentioned earlier, the box office has shown robust recovery from SARS and our exhibition businesses in Hong Kong, Malaysia and Singapore are showing strong signs of growth.

In Hong Kong, admissions and box office were both up and almost all cinemas reported positive operating cashflow. Strong market growth and the success of our marketing and programming strategies have also resulted in strong performance in Malaysia. In Singapore, we have also been pleased to see our market share rise to 44 percent.

In China, the realignment of our geographical preference from Shanghai to the Pearl River Delta region has elicited positive reaction. The sale of our Shanghai sites has significantly reduced the toll on our resources which we have been able to inject into an excellent new site in Shenzhen which will open early 2005.

儘管集團之電影製作業務仍然不活躍，集團多年之製作經驗並未浪費，因集團將繼續向對外客戶外判技術及服務。

正如本人先前所述，票房報捷，表示經已從沙士復元過來，而集團於香港、馬來西亞及新加坡的戲院經營業務正顯示穩健增長。

香港方面，入場人數及票房均有所上升，幾乎所有戲院均錄得正營運現金流量。市場增長強勁，加上集團之市場推廣及影片編排策略成功，帶動馬來西亞業務表現超卓。至於新加坡方面，集團喜見其市場佔有率已增至44%。

中國方面，集團將發展重點由上海改為珠江三角洲之決定已見成果。集團出售上海戲院，大大減少資源動用，令集團可將資源轉為投放於深圳一間條件優厚之新戲院，該間戲院將於二零零五年年初開幕。

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This is in line with the vision I had laid out in last year's report of our plans to focus our China strategy first on the Pearl River Delta region. To this end, we will continue to identify and invest in other strategic sites in the region.

It is my strong belief that with the similarity in culture and language, the Pearl River Delta region would provide the most realistic and strongest foothold for Hong Kong film companies wanting to set up a lasting foundation in the Mainland China.

此舉符合本人於去年報告集團著重珠江三角洲之中國市場策略。為此，集團將繼續物色及投資於區內之其他策略性地點。

本人深信，由於文化及語言接近，珠江三角洲將為有意在中國大陸設立持久基石之香港電影公司提供最實際及穩固之據點。



While Golden Harvest pursues its strategic plans, we are also prudent in keeping costs low. With the pull-out from Shanghai, we have been able to reduce overheads considerably. In Hong Kong, we have also seen cost reductions with strict control over operating expenses and a reduction in headcount. Our plans to consolidate our two Hong Kong offices in the coming year will bring about further savings for the Group.

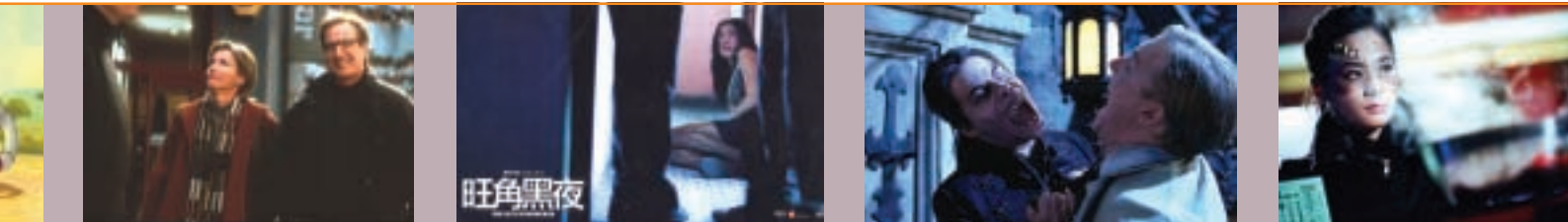
Looking into the future, I see good prospects for the Group. Since I laid out our new strategy and plans two years ago, our vision at Golden Harvest has never wavered. The ride may have been bumpy at times but we are confident that we are moving in the right direction.

The Group is seeing new breakthroughs in its core businesses. We are celebrating new partnerships and opening up new frontiers with our exhibition business. All the signs show that we are on the right track and we intend to keep our eyes on the target.

儘管嘉禾繼續推行其策略性計劃，集團亦審慎控制成本。撤離上海市場後，集團得以大幅減低經營開支。至於香港方面，集團亦奉行節約成本之策略，嚴格控制營運費用及減少人手。集團來年合併兩間香港辦事處之計劃，將為集團節省更多資源。

展望將來，本人對集團之前景充滿信心。自本人兩年前推出集團之新策略及計劃以來，嘉禾之信念從未動搖。儘管路途未必一帆風順，但集團深信集團正邁向正確之方向。

集團預期核心業務將有新突破。集團現正慶祝建立新夥伴關係及開拓戲院經營業務至新市場。一切跡象均反映集團已踏上成功之路，向目標進發。



Raymond Chow 鄧文懷

**Chow Ting Hsing, Raymond**

鄧文懷

Chairman

主席

Hong Kong, 11 October 2004

香港，二零零四年十月十一日