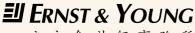
Report of the Auditors



安永會計師事務所

To the members eSun Holdings Limited (Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 25 to 74 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants, except that the scope of our work was limited as explained below.

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited as follows:

Report of the Auditors

SCOPE LIMITATIONS

(a) Due from Furama Hotel Enterprises Limited

As further detailed in note 18 to the financial statements, included in the consolidated balance sheet of the Group as at 31st December, 2002 is an amount of HK\$1,500,040,000 (the "Debt") owed to Golden Pool Enterprise Limited ("GPEL"), an indirect wholly-owned subsidiary of the Company, by Furama Hotel Enterprises Limited, a wholly-owned subsidiary of Lai Sun Development Company Limited ("LSD"), which is a substantial shareholder of the Company. The repayment of the Debt is guaranteed by LSD. For the reasons detailed in note 18 to the financial statements, the directors of the Company consider that the recoverable amount of such Debt is currently uncertain, in the absence of any reliable information, they are unable to estimate the amount of any specific provision against such balance at the current time. We have been unable either to obtain sufficient reliable information, or to carry out alternative auditing procedures to satisfy ourselves as to the recoverability of the Debt as included in the consolidated balance sheet of the Group. Included in the Company's balance sheet as at 31st December, 2002 is an amount of HK\$1,500,040,000 due from Glynhill International Limited, a wholly-owned subsidiary of the Company, which in turn advanced the same amount to GPEL and we have also been unable either to obtain sufficient reliable information, or to carry out alternative auditing procedures to satisfy ourselves as to the recoverability of such amount due from the subsidiary as included in the Company's balance sheet.

(b) Film rights

As further detailed in note 20 to the financial statements, included in the consolidated balance sheet of the Group as at 31st December, 2002 are film rights with a carrying amount of HK\$113,109,000. The directors engaged an independent third party (the "Valuer") to perform a valuation of the Group's all rights, titles and interests to 96 films (the "96 Film Rights") as at 31st December, 2002 in order to provide them with a reference to assess if there is any impairment in value of the Group's film rights as at that date. Having regard to the valuation performed by the Valuer and the current market conditions, the directors are of the opinion that there is no impairment in the value of the Group's film rights, which include the 96 Film Rights and the television rights to another 20 films (the "20 Film Rights") amounting to HK\$93,606,000 and HK\$19,503,000, respectively, as at 31st December, 2002. We have been unable to obtain sufficient reliable information to carry out the auditing procedures required by the Statement of Auditing Standards 520 "Using the Work of an Expert" ("SAS 520"), issued by the Hong Kong Society of Accountants, to satisfy ourselves as to (i) the competence and objectivity of the Valuer; and (ii) the adequacy of the scope of the Valuer's work, as to the 96 Film Rights. We have also been unable to obtain sufficient reliable information, or to carry out alternative auditing procedures to satisfy ourselves as to the directors' assessment in connection with the carrying amount of the 20 Film Rights. Accordingly, we have been unable to carry out adequate auditing procedures as concerns the carrying amount of the Group's film rights as at 31st December, 2002.

Any adjustments that might have been found necessary in respect of each of (a) and (b) above would have a consequential impact on the net assets of the Group and the Company as at 31st December, 2002 and the net loss attributable to the shareholders for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Report of the Auditors

DISCLAIMER OF OPINION

Because of the significance of the possible effects of the scope limitation in the evidence available to us as set out under (a) of the basis of opinion section of this report, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2002 and of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Had there been no limitation in the evidence available to us as set out under (a) of the basis of opinion section of this report, we would have reported that except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence relating to the matters discussed in (b) of the basis of opinion section of this report, in our opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31st December, 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations on our work as set out in the basis of opinion section of this report, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Ernst & Young Certified Public Accountants

Hong Kong 17th April, 2003