



To the members
Golden Harvest Entertainment (Holdings) Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 47 to 107 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 financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. 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.

致：嘉禾娛樂事業(集團)有限公司股東
(於百慕達註冊成立之有限公司)

本核數師已完成審核刊於第108頁至第168頁按照香港公認會計原則編製之財務報表。

董事及核數師的責任

貴公司之董事須編製真實與公平之財務報表。在編製該等財務報表時，董事必須貫徹採用合適之會計政策。根據一九八一年百慕達公司法(經修訂)第90條，吾等的責任是根據審核工作的結果，對該等財務報表作出獨立的意見，並僅向閣下(作為一團體)報告，除此之外概無其他用途。吾等概不就本報告的內容向任何其他人士承擔責任。

意見的基礎

本核數師是按照香港會計師公會頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等財務報表時所作之重大估計和判斷、所釐定之會計政策是否適合貴公司及貴集團之具體情況，及有否貫徹運用並充分披露該等會計政策。

REPORT OF THE AUDITORS 核數師報告書

We planned and performed 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. 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.

FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the adoption of the going concern basis, being the basis on which the financial statements have been prepared. As explained in note 3 to the financial statements, the Group is currently undertaking a number of measures to relieve its current profitability and liquidity problem. The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful completion of the disposal of equity interest in a jointly-controlled entity, the arrangement for long term financing with its existing bankers, the proposal currently developed by the Group for issuance of convertible bonds and the attainment of profitable and cash flow positive operations, to meet the Group's future working capital and financing requirements. The financial statements do not include any adjustment that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

本核數師在策劃和進行審核工作時，均以取得一切本核數師認為必需之資料及解釋為目標，使能獲得充分之憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已衡量該等財務報表所載資料在整體上是否足夠。本核數師相信，本核數師之審核工作已為下列意見建立合理之基礎。

有關持續經營基準之基本不明朗因素

本核數師於作出意見時，已考慮財務報表附錄3就有關採納持續經營基準為本財務報表之編製基準所作之披露是否足夠。誠如財務報表附註3所解釋，貴集團現正採取多項措施以提高其現有之盈利能力及舒緩流動資金問題。財務報表乃按持續經營基準編製，其有效性視乎是否能成功完成出售一間共同控制公司之股本權益、與其現有往來銀行之長期融資安排、貴集團現時就發行可換股債券所發展之建議，以及所經營業務達至利潤及錄得正現金流量，以應付貴集團之未來營運資金及財務需要。財務報表並不包括倘該等措施未能奏效而可能作出之任何調整。本核數師認為貴集團已作出適當估計及披露，因此，本核數師無保留意見。

REPORT OF THE AUDITORS 核數師報告書

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 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.

Ernst & Young

Certified Public Accountants

Hong Kong

13 October 2005

意見

本核數師認為財務報表真實與公平地反映貴公司及貴集團於二零零五年六月三十日之財政狀況，及貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定而恰當編製。

執業會計師

安永會計師事務所

香港

二零零五年十月十三日