

AUDITORS' REPORT

Deloitte.
德勤

德勤·關黃陳方會計師行
香港中環干諾道中111號
永安中心26樓

Deloitte Touche Tohmatsu
26/F Wing On Centre
111 Connaught Road Central
Hong Kong

TO THE SHAREHOLDERS OF MILLENNIUM GROUP LIMITED

豐泰集團國際有限公司

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 11 to 58 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare 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 141 of the Companies Ordinance, 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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

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 LITIGATION

In forming our opinion we have considered the adequacy of the disclosures made in notes 16 and 34 to the financial statements concerning the possible outcome of the litigation against China Media International Group Limited in respect of the Company's investment in unlisted overseas equity securities in CMEP Limited amounting to HK\$137,858,000 included in the carrying amounts of investments in securities of the Company and the Group as at 30th June, 2004. The future settlement of this litigation may have an effect on the net assets of the Company and the Group as at 30th June, 2004 and the loss of the Group for the year then ended. However, it is not possible to quantify the effects, if any, of the resolution of this uncertainty. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 30th June, 2004 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 29th December, 2004