

德勤·關黃陳方會計師行

Certified Public Accountants
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**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF SHANGHAI MING YUAN HOLDINGS LIMITED

(FORMERLY KNOWN AS SING TAO HOLDINGS LIMITED)

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 18 to 62 which have been prepared in accordance with accounting principles generally accepted in Hong Kong other than as set out below.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of the 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 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 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 explained in note 2(A)(a) to the financial statements, the income statement figures for the six months ended 30th June, 2002 have been prepared based on the amounts set out in the published unaudited interim report issued by the Company dated 27th September, 2002 (the "Interim Report"). However, the present directors have been unable to satisfy themselves as to these amounts are free from material misstatement. Any adjustments found to be necessary would affect the profit of the Group for the year ended 31st December, 2002.

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.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE AND FROM DISAGREEMENTS ABOUT ACCOUNTING TREATMENT AND THE EXTENT OF DISCLOSURE

1. As explained in note 2(A)(b) to the financial statements, in the absence of accounting records and supporting vouchers, the present directors have not included in the income statement the results of operations of the Group for the period from 1st July, 2002 to 22nd August, 2002. Accordingly, the income statement for the year is incomplete. It is not practical for us to quantify the effect of these omissions on the income statement for the year.
2. As explained in note 2(B)(b) to the financial statements, the dividend in specie (the "Dividend in Specie") disclosed as a movement in Company's reserve in note 28 to the financial statements and also in the consolidated statement of changes in equity has been determined as the difference between the net assets of the Group at 30th June, 2002 as shown in the Interim Report and the net assets as shown in the unaudited statement of net assets of the Group as at 22nd August, 2002, being the date after the distribution of shares in Sing Tao Media Holdings Limited as described in note 1 to the financial statements. However, adjustment should be made to the Dividend in Specie to take into account the results of the Group for the period from 1st July, 2002 to 22nd August, 2002 as explained in 1. above. It is not practical for us to quantify the effect of this omission on the amount of the Dividend in Specie.
3. As explained in note 2(B)(a) to the financial statements, in the absence of the accounting records and supporting vouchers, the present directors have not included in the net profit of the Company for the year disclosed in note 28 to the financial statements the results of operations of the Company for the period from 1st January, 2002 to 22nd August, 2002. It is not practical for us to quantify the effect of these omissions on the Company's reserve movement for the year.
4. As explained in note 2(A)(c) to the financial statements, the consolidated cash flow statement only presents the cash flows of the Group for the period from 23rd August, 2002 to 31st December, 2002. This is not in accordance with the requirements of Statement of Standard Accounting Practice ("SSAP") 15 "Cash Flow Statements".
5. As explained in note 2(C) to the financial statements, the following disclosures have not been made in the financial statements as required by the relevant SSAPs:
 - Details of deferred taxation disclosures as required by SSAP 12 "Accounting for Deferred Tax";
 - Details of diluted earnings (loss) per share as required by SSAP 5 (Revised) "Earnings Per Share".

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 31st December, 2002. Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the income statement figures for the six months ended 30th June, 2002 and except for the effects of the disagreement about accounting treatment and the extent of disclosure described above, in our opinion the financial statements give a true and fair view of profit and cash flows of the Group for the year ended 31st December, 2002 and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE AND FROM DISAGREEMENTS ABOUT ACCOUNTING TREATMENT AND THE EXTENT OF DISCLOSURE *(Continued)*

As explained in note 2 to the financial statements, following their appointment, the present directors found that all of the Group's accounting records and supporting vouchers for the period from 1st January, 2002 to 22nd August, 2002 were missing. Accordingly:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- proper books of accounts have not been kept for the period from 1st January, 2002 to 22nd August, 2002.

Without qualifying our opinion we draw attention to note 2(D) to the financial statements in which the present directors explain that they are unable to represent that the comparative figures for the year ended 31st December, 2001 are free from material misstatement.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29th April, 2003