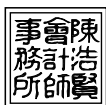


Independent Auditor's Report



GRAHAM H.Y. CHAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG

TO THE SHAREHOLDERS OF ASIA TELEMEDIA LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Asia TeleMedia Limited set out on pages 22 to 65, which comprise the consolidated and Company balance sheet as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong 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.

Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. However, because of the matter described in the basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independent Auditor's Report

BASIS FOR DISCLAIMER OF OPINION

Material uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosure made in note 2 to the financial statements which explains that the directors are taking active steps to improve the liquidity position of the Group. Included in the consolidated balance sheet at 31 December 2006 is a loan payable of HK\$58,083,993 and an accrued interest of HK\$10,886,781 owed to a third party, classified as current liabilities (herein collectively referred to as "Total Amount Payable"). The Company is in process of negotiation with the third party for the settlement of Total Amount Payable. In addition, the Company is in process of exploring with potential investors the injection into the Group of income generating investments in the People's Republic of China. Provided that the repayment arrangement for the Total Amount Payable can be agreed upon and provided that income generating investments are injected into the Group, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain such future funding. We consider that appropriate disclosures have been made. However, in view of the extent of the uncertainty relating to the repayment arrangement for the Total Amount Payable and the injection into the Group of income generating investments, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Limitation of audit scope

We were unable to obtain sufficient evidence to assess whether any impairment should be recognised in respect of an amount equivalent to HK\$27,725,067 included among the other receivables, deposits and prepayments as at 31 December, 2006. Any adjustments of the above amount, would affect the net liabilities of the Group and the Company as at 31 December 2006 and its loss for the year then ended.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph concerning the going concern basis and limitation of audit scope, we do not express an opinion on the financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 or of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Graham H.Y. Chan & Co.

Certified Public Accountants (Practising)

Unit 1, 15/F, The Center,
99 Queen's Road Central,
Hong Kong

20 April 2007