



BRIGHT FUTURE

“The Group will continue to seek other potentially profitable investment opportunities, with a view to developing a more diversified business portfolio. We will fully utilise our existing resources, explore new business opportunities, and expand our operations, while minimising risk, in order to achieve better returns for our shareholders.”



CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standards of corporate governance so as to ensure "Accountability, Responsibility and Transparency" towards the shareholders, stakeholders, investors as well as the employees of the Company.

Following the introduction of Code on Corporate Governance Practices by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "CG Code") in January 2005, the Board has accordingly adopted most of the code provisions set out in CG Code as the code of the Company (the "Code") on 26 October 2005. The purposes of the Code are to lay down the standard principles and practices of good corporate governance for the Board as well as the employees of the Company to observe and follow for furtherance of the Company's business in a professional and ethical manner thereby maximising the shareholders' value of the Company.

The Board will continue to monitor and upgrade the Code so as to ensure that it is consistent with the practices and standards recommended by the Stock Exchange as well as the internal standards currently adopted by the Company.

The Company has applied the principles of and complied with all the Code provisions throughout the year ended 30 June 2006.

BOARD COMPOSITION

The Board currently comprises eight members (four Executive Directors including the Chairman and the Chief Executive Officer and four Independent Non-executive Directors) of which two members have the appropriate accounting qualification or related financial management expertise as required by the Stock Exchange.

The composition of the Board represents a mixture of expertise specializing in management, media and entertainment industry, accounts and finance and corporate development. All of the Directors have comprehensive qualifications and experience in and exposure to diversified businesses which shall be beneficial to the business development of the Company.

The Board is responsible for formulating and implementing the Company's strategic planning, promoting corporate development as well as policies and objectives setting. Each Executive Director is assigned with specific responsibilities to enhance the effectiveness of the Company:

- Mr. Yu Kam Kee, Lawrence, *B.B.S., M.B.E., J.P.*, the Chairman, is responsible for formulating the Company's long term goal and strategy. He is the leader of the Board and take the role of overseeing the effectiveness of the Board in achieving the Company's long term goal and strategy.
- Mr. Carl Chang, the Chief Executive Officer, is responsible for implementation of Company's strategy, overseeing and developing the Company's media and entertainment businesses. He is also responsible for soliciting other investment opportunities for the Company.
- Mr. Yu Kam Yuen, Lincoln and Mr. Tong Chin Shing, the Executive Directors, are responsible for overseeing the Company's general management.

Corporate Governance Report (Continued)

Mr. Yu Kam Kee, Lawrence, *B.B.S., M.B.E., J.P.* is a brother of Mr. Yu Kam Yuen, Lincoln. Other than this, there is no relationship among members of the Board.

Details of the composition of the Board, by category of Directors, including names of Chairman and Chief Executive Officer, Executive Directors, Independent Non-executive Directors and their respective experience and qualification are included under the Section of "Profile of Directors" in this annual report.

BOARD MEETINGS

The Board met regularly throughout the year to discuss the business development, operational and financial performance of the Company.

The attendance rates of individual Board members at the Board Meetings (either in person or by phone) held during the year are set out in the following table:

Attendance of Board Members

Name of Directors	Total number of Board Meetings held	Number of Board Meetings attended by individual Director
	4	
Executive Directors		
Yu Kam Kee, Lawrence, <i>B.B.S., M.B.E., J.P.</i> (Chairman)		4
Carl Chang (Chief Executive Officer)		4
Yu Kam Yuen, Lincoln		2
Tong Chin Shing		2
Independent Non-executive Directors		
Li Fui Lung, Danny		4
Ng Hoi Yue, Herman		4
Hon. Shek Lai Him, Abraham, <i>J.P.</i>		1
Fong Shing Kwong, Michael		1

All minutes of the Board Meetings are prepared and kept by the Company Secretarial Department and open for inspection by Directors at any time.

CHAIRMAN AND CHIEF EXECUTIVE

The roles of Chairman and Chief Executive Officer of the Company are clearly segregated and performed by two Executive Directors of the Company. In general, Mr. Yu Kam Kee, Lawrence, *B.B.S., M.B.E., J.P.*, the Chairman, is responsible for the Company's long term strategic planning and business development as well as the management of the full Board while Mr. Carl Chang, the Chief Executive Officer, is responsible for implementing the Company's strategy, managing and monitoring the performance of the management and overseeing the daily operation of the Company.

Corporate Governance Report (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Under the code provision A.4.1 of CG Code, the appointment of independent non-executive directors should have been appointed for a specific term. As such, the Company has taken steps to comply with this code provision. Appointment letters have been signed between the Company and Hon. Shek Lai Him, Abraham, *J.P.* and Mr. Fong Shing Kwong, Michael respectively for a period of three years. The Company will also enter into appointment letters with Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman respectively for a period not exceeding three years. All the Independent Non-executive Directors of the Company are subject to retirement by rotation and re-election at the annual general meeting in accordance with Bye-law 87 of the Company.

MANAGEMENT FUNCTIONS

In general, the daily management and administration functions of the Company have been delegated to the management except for certain matters specifically reserved to the Board for decision. Those matters include the setting of the overall strategic direction and long-term objectives of the Company, approval of annual business plan, material acquisitions and disposals of assets, investments, connected transactions and capital projects, key human resources issue, preliminary interim and final results announcements, determination of interim and final dividends, appointment of directors and annual assessment of internal control system.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

A formal and transparent procedure has been in place in selecting the directors of the Company. Appointment of new directors is reserved for the Board's approval. The Board shall take into account of that person's skill, qualifications and expected contributions to the Company before the appointment. Every newly appointed director shall receive a comprehensive, formal and tailored induction on the first occasion of his appointment to make sure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities in the Company.

According to the Bye-laws of the Company, the newly appointed director shall hold office until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the Board) and shall then be eligible for re-election at that general meeting. In addition, at each annual general meeting one-third of the Directors (those appointed in that year shall not be counted in determining the number of directors), including those appointed for specified terms, for the time being or if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation provided that notwithstanding anything herein, every Director shall be subject to retirement by rotation at least once every three years.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by the Stock Exchange as the Code and Guidelines for the Directors and certain employees (who are likely to be in possession of unpublished price-sensitive information) of the Company to follow and observe in dealing with the securities of the Company.

Confirmations have been obtained from all Directors to acknowledge compliance with the Model Code throughout the year.

Corporate Governance Report (Continued)

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Company. In preparing the financial statements for the year ended 30 June 2006, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

REMUNERATION OF DIRECTORS

A remuneration committee was established on 26 October 2005, comprising one Executive Director, Mr. Yu Kam Kee, Lawrence, *B.B.S., M.B.E., J.P.*, and four Independent Non-executive Directors, being Messrs. Li Fui Lung, Danny, Ng Hoi Yue, Herman, Hon. Shek Lai Him, Abraham, *J.P.* and Fong Shing Kwong, Michael. The main duties and responsibilities of the remuneration committee are to determine the remuneration packages of all Executive Directors, Independent Non-executive Directors and senior management of the Company, make recommendations to the Board to improve the transparency of the Company's overall remuneration policy and to review and approve the compensation arrangements relating to any loss or termination of office of Directors and senior management. A Remuneration Committee Charter, which clearly defined the role, authority and function of the remuneration committee, has been adopted by the Company on 26 October 2005.

One remuneration committee meeting with the attendance of all committee members through telephone conference was held during the year.

All minutes of the remuneration committee meetings are prepared and kept by the Company Secretarial Department and open for inspection by Directors and remuneration committee members at any time.

AUDIT COMMITTEE

An audit committee comprising four Independent Non-executive Directors, being Messrs. Li Fui Lung, Danny, Ng Hoi Yue, Herman, Hon. Shek Lai Him, Abraham, *J.P.* and Fong Shing Kwong, Michael was duly established. Amongst the audit committee members, two members have the appropriate professional qualification and experience in financial matters as required by the Listing Rules.

The main duties and responsibilities of the audit committee are to review the Company's financial information such as the interim and annual results, financial reporting principles and practices; to recommend the appointment and reappointment or removal of the external auditors, to determine their independence and objectivity as well as to review the scope of audit and the reporting obligation of the external auditors; to oversee the financial reporting system and the internal control and risk management system of the Company. An Audit Committee Charter, which clearly defined the role, authority and function of the audit committee, has been duly modified by the Company on 26 October 2005 to accommodate all the necessary code provisions of the Code.

Three audit committee meetings were held during the year to review the financial performance of the Company for the year ended 30 June 2006. The audit committee has also reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters.

Corporate Governance Report (Continued)

The attendance rates of individual committee members at the audit committee meetings (either in person or by phone) held during the year are set out in the following table:

Attendance of Audit Committee Members

Name of Committee Members	Total number of Audit Committee Meetings held	Number of Audit Committee Meetings attended by individual Committee Member
	3	
Li Fui Lung, Danny		3
Ng Hoi Yue, Herman		3
Hon. Shek Lai Him, Abraham, J.P.		1
Fong Shing Kwong, Michael		1

All minutes of the audit committee meetings are prepared and kept by the Company Secretarial Department and open for inspection by Directors and audit committee members at any time.

AUDITORS' REMUNERATION

The total auditors' remuneration in respect of statutory audit and non-audit services provided by HLB Hodgson Impey Cheng, the Company's external auditors, during the year ended 30 June 2006 are set out at the table below:

Services rendered	Fees paid/payable
Statutory audit fees	HK\$500,000.00
Fees for non-audit services	
Review of interim results	HK\$191,000.00
Review of annual results and annual results announcement	Nil
Ad hoc projects	HK\$110,000.00
Taxation services	HK\$14,000.00
Total auditors' remuneration for the year	HK\$815,000.00

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for maintaining sound and effective internal control system to safeguard the Group's assets and shareholders' interests, as well as for reviewing the effectiveness of these systems. The Board conducts regular reviews of the Group's internal control system. The system is designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational system.

Corporate Governance Report (Continued)

The Internal Control Policy and Procedures covers, amongst others, the following material activities – finance, operational and compliance controls:

Finance

In order to achieve effective financial control, a set of measures have been formulated and implemented to identify and manage liabilities to ensure that the Company is not unnecessarily exposed to avoidable financial risks. They also contribute to the safeguarding of assets from inappropriate use or loss, including the prevention and detection of fraud and errors.

Operational

With regard to the Company's entertainment and media businesses, different sets of principles and procedures have been set up for different teams (movies production team, music production team, models management team and artists management team) to follow. It is expected that through the implementation of the above principles and procedures, the operational process should become more transparent and efficient.

Compliance

Throughout the year, the Company has fully complied with the requirements of the Listing Rules. Financial Reports, announcements and circulars have been prepared and published in accordance with the requirements of the Listing Rules.

The Company has engaged Lak & Associates, a firm of Certified Public Accountants, to undertake the role of reviewing and assessing the Company's internal control and risk management system and to evaluate its effectiveness and efficiency. Lak & Associates shall report to the Board and senior management on the findings of the internal control system implemented by the Company and help to identify any significant areas of concern and make recommendations to the Board accordingly.

COMMUNICATION WITH SHAREHOLDERS

The Company continues to pursue a proactive policy of promoting investor relations and communications with shareholders.

The Company's senior management and the company secretarial department have undertaken the role of establishing an effective communication system. They will respond to the enquiries from shareholders/investing public or the media from time to time. The Company also maintains a website ([http://www.irasia.com/listco/hk/see](http://www.irasia.com/listco/hk/)) through which the Company's updated financial information, announcements and press releases can be accessed by the shareholders and investors. The Board believes that the Company's website provides an alternative means for the investing public to obtain information of the Company in a convenient and timely manner.

The annual general meetings also provide an important opportunity for constructive communication between the Board and the shareholders of the Company. The Chairman and the majority of the Board members will attend the annual general meetings or other general meetings through which the Board can maintain an on-going dialogue with shareholders and to answer any questions raised by the shareholders.