

The Audit Committee comprises the three independent non-executive directors and the non-executive director of the Company. The chairman of the Audit Committee is Mr. Liu Wing Ting, Stephen, an independent non-executive director. The Audit Committee possesses extensive experience in accounting and financial matters. Mr. Liu Wing Ting, Stephen and Mr. Lee Joo Hai are practising certified public accountants.

The Audit Committee is mainly responsible for providing an independent review and supervision of financial reporting process and the Group's internal control system. The full terms of reference are available on the Company's website: www.irasia.com/listco/hk/lkm.

During the financial year ended 31st December, 2006, the Audit Committee held four meetings at approximately quarterly intervals to review the quarterly results presented by the management and to discuss the internal audit findings prepared by the Internal Audit Department. The external auditor, Messrs. Deloitte Touche Tohmatsu, attended three meetings, which included the meetings in conjunction with the release of the half year and full year results announcements. The chairman of the Audit Committee reported the findings and recommendations of the Audit Committee to the Board after each meeting. The minutes of all meetings of Audit Committee were circulated to the Board for information.

The following was a summary of the work performed by the Audit Committee in 2006:

1. review of the Group's financial statements for the year ended 31st December, 2005 and the annual results announcement with a recommendation to the Board for approval;
2. review of the Group's financial statements for the period from 1st January, 2006 to 30th April, 2006 with a recommendation to the Board for approval;
3. establishment of an Internal Control Review Task Force to assess broadly any significant risks faced by the Group and to review the effectiveness of the internal control system of the Group;
4. review of the Group's financial statements for the six months period ended 30th June, 2006 and the interim results announcement with a recommendation to the Board for approval;
5. review of the Group's financial statements for the period from 1st January, 2006 to 30th September, 2006 with a recommendation to the Board for approval;
6. review of the compliance by the Group with the Code on Corporate Governance Practices;
7. review of the annual internal audit plan submitted by the Group's Internal Audit Department;
8. review of the findings and recommendations submitted by the Group's Internal Audit Department;

9. review of the report and management letter submitted by external auditor;
10. review of the audit plan for the year ended 31st December, 2006 submitted by external auditor;
11. consideration of the 2006 audit fees with a recommendation to the Board for approval; and
12. review of “Connected Transactions” and “Continuing Connected Transactions” set forth in “Directors’ Report” of the 2006 annual report.

At the Audit Committee meeting on 30th March, 2007, the Audit Committee reviewed the Group’s financial statements for the year ended 31st December, 2006 and the annual results announcement with a recommendation to the Board for approval.

The Audit Committee recommended the re-appointment of Messrs. Deloitte Touche Tohmatsu as the external auditor of the Group for 2007 and that the relevant resolution shall be put forth for the consideration of the shareholders of the Company and their approval at the 2007 annual general meeting of the Company.

Audit Committee Members:

Mr. Liu Wing Ting, Stephen (*Chairman*)

Mr. Chan Chun Sing, Colin

Dr. Lee Tat Yee

Mr. Lee Joo Hai

Hong Kong, 30th March, 2007