

The Group has strong intention to comply with the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") since its listing on the Main Board of the Stock Exchange of Hong Kong Limited on 11 May 2005. The Company has its own code of conduct regarding corporate governance which is not less stringent than the provisions of the Code on Corporate Governance Practices of the Listing Rules and the Company also has a policy of seeking to comply with established best practice in the field of corporate governance.

THE BOARD OF DIRECTORS

The Group is controlled by its Board of Directors. Accountable to the shareholders, the Board is collectively responsible for formulating the strategic business direction of the Group and setting objectives for management, overseeing its performance and assessing the effectiveness of management strategies. Specific tasks that the Board delegates to the Group's management include the implementation of strategies approved by the Board, the implementation of internal control procedures and the ensuring of compliance with relevant statutory requirements and other rules and regulations. The Board of Directors reviews the performance of the operating divisions on a regular basis and also exercises a number of reserved powers, including:

- formulating long-term strategy;
- approving public announcements including the interim and annual financial statements;
- setting dividend policy;
- approving major acquisitions, divestments and capital expenditure;
- reviewing the Group's systems of financial control and risk management;
- approving appointments to the Board of Directors and the company secretary; and
- approving material borrowings and treasury policy.

The Board currently consists of seven directors including four executive directors and three independent non-executive directors:

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie (*Chairman*)
Mr. Zhang Jian Hua (*Vice-Chairman*)
Mr. Zhang Yaohua (*Chief Executive Officer*)
Mr. Nomo Kenshiro

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lui Sun Wing
Mr. Choy Tak Ho
Mr. Chan Wai Dune

Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua are brothers. Save as aforesaid, the Board members have no financial, business, family or other material relationships with each other. A balanced board composition is formed to ensure strong independence exists across the Board and currently more than one-third of its members comprises independent non-executive directors. The biographical information of directors are set out on page 27 to page 30 under the section headed "Directors and Senior Management" of the annual report.

The Group has arranged appropriate insurance coverage in respect of relevant actions against its directors with the details and coverage of this insurance being reviewed each year.

Independent non-executive directors

The independent non-executive directors are persons of high caliber, with extensive experience in the field of accounting, financial management and trading and manufacturing businesses. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. The Group had received from each of the independent non-executive directors an annual conformation of his independence as required under the Listing Rules. As such, the Group considers all independent non-executive directors to be independent.

Each of the independent non-executive directors has entered into a service contract with the Company for a term of two years and is also subject to retirement by rotation in the annual general meeting of the Company.

Chairman and Chief Executive Officer

To ensure the a balance of power and authority, the role of the Chairman and Chief Executive Officer is segregated. The Chairman of the Board is Mr. Zhang Hwo Jie and the Chief Executive Officer is Mr. Zhang Yaohua. Mr. Zhang Hwo Jie and Mr. Zhang Yaohua are brothers. However, there is a clear distinction between the Chairman's responsibility for overall strategic planning and management of the Board of Directors and the Chief Executive Officer's responsibility for the management of day-to-day operations of the Group's business.

Directors' responsibilities for the financial statements

The directors acknowledged their responsibilities for the preparation of financial statements of the Group to ensure that these financial statements give a true and fair view of the state of affairs of the Group, its results of operations and cash flows. In preparing the financial statements for the year ended 31 December 2005, the Board had 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. The directors are also responsible for ensuring that proper accounting records of the Group which disclose the Group's financial position are kept at all times and taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in the preparation of the financial statements. The Board has also reviewed and discussed the effectiveness of system of internal control of the Group for the year ended 31 December 2005.

BOARD MEETING

During the year ended 31 December 2005 and up to the date of this report, the Board held three meetings.

Name of directors	Number of attendance	
	During the year ended 31 December 2005	From 1 January 2005 and up to the date of this report
Mr. Zhang Hwo Jie	2/2	3/3
Mr. Zhang Jian Hua (<i>Note 1</i>)	1/1	2/2
Mr. Zhang Yaohua	2/2	3/3
Mr. Nomo Kenshiro	2/2	3/3
Dr. Lui Sun Wing	2/2	3/3
Mr. Choy Tak Ho	2/2	3/3
Mr. Chan Wai Dune	0/2	1/3

Note 1: Mr. Zhang Jian Hua was appointed as an executive director on 14 September 2005 and there were only two board meetings held during the period from 14 September 2005 up and to the date of this report.

Due to the fact that the Company was only listed on the Main Board of The Stock Exchange of Hong Kong Limited since 11 May 2005 and the Company had encountered difficulties in arranging meetings of all directors during the year ended 31 December 2005, only two board meetings were held during the year ended 31 December 2005.

In view of the difficulties, the Company planned in advance four scheduled board meetings a year at approximately quarterly intervals in order to make sure all directors could plan in advance their availability to attend the scheduled board meetings. Additional meetings will be held as and when required.

Board minutes are kept by the company secretary and are open for inspection by the directors. Every board member is entitled to have access to board papers and related materials and has unrestricted access to the advice and services of the company secretary and has the liberty to seek external professional advice if so required.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Committee") on 20 April 2005 in accordance with the requirements of the Code of Corporate Governance Practices for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group. The Committee comprises the three independent non-executive directors with Dr. Lui Sun Wing as the chairman.

The audit committee is mainly responsible for making recommendations to the Board of Directors on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of external auditors and other matters relating to the resignation or dismissal of external auditors. The audit committee also reviews the interim and annual financial statements of the Group and oversees the Group's financial report system and internal control procedures.

The terms of reference of the audit committee, which are aligned with the provision set out in the Code of Corporate Governance Practices, are available on the Company's website www.irasia.com/listco/hk/evaholdings.

The audit committee held two meetings during the year ended 31 December 2005 and up to the date of this report and had attended to the following matters:

- discuss with external auditors with respect to the accounting principles and practices adopted by the Group, compliance with the Listing Rules and other financial reporting requirements; and
- discuss the internal controls, risk management and financial reporting matters relating the interim financial statements for the six months ended 30 June 2005 and the annual financial statements for the year ended 31 December 2005 before recommending the financial statements to the Board for approval.

The external auditors of the Group also attended the meeting. Individual attendance of each audit committee member at the meeting is as follows:

Name of audit committee member	Number of attendance	
	During the year ended 31 December 2005	From 1 January 2005 and up to the date of the this report
Dr. Lui Sun Wing	1/1	2/2
Mr. Choy Tak Ho	1/1	2/2
Mr. Chan Wai Dune	0/1	1/2

The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 December 2005.

NOMINATION OF DIRECTORS

In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. Furthermore, as the full Board is responsible for the selection and approval of candidate for the appointment of director to the Board, the Group therefore has not established a nomination committee at present. The Board has held two meetings to discuss, among other things, the appointment of the directors during the year ended 31 December 2005. The individual attendance of Board members at these two meetings during the year ended 31 December 2005 is set out in the selection headed "Board Meeting" of the Corporate Governance Report.

REMUNERATION OF DIRECTORS

The Group had established a remuneration committee which comprises two independent non-executive directors, namely Dr. Lui Sun Wing and Mr. Choi Tak Ho and the chairman and executive director Mr. Zhang Hwo Jie on 22 June 2005. Mr. Zhang Hwo Jie is the chairman of the remuneration committee. The remuneration committee has rights and duties consistent with those set out in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The remuneration committee is principally responsible for formulating the Group's policy and structure for all remuneration of the directors and senior management and for providing advice and recommendations to the Board of Directors. The terms of reference of the remuneration committee are available on the Company's website www.irasia.com/listco/hk/evaholdings.

During the year ended 31 December 2005, the remuneration committee held one meeting with all members presented at the meeting. The remuneration committee reviewed and discussed the remuneration package of the directors which is determined by reference to the prevailing market conditions, the business development of the Group and the responsibilities of individual directors. Details of the remuneration to directors for the year ended 31 December 2005 are set out in Note 23 to the consolidated financial statements.

The Company had conditionally adopted a share option scheme on 20 April 2005 which became unconditional on 11 May 2005. The purpose of the share option scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. The eligible participants of the share option scheme include any executive, non-executive and independent non-executive directors of the Company. As at 31 December 2005, no option had been granted or agreed to be granted to any person under the share option scheme.

AUDITORS' REMUNERATION

During the year ended 31 December 2005, the total remuneration for audit services provided by PricewaterhouseCoopers, the external auditors, amounted to HK\$1,290,000. The audit fee was approved by the audit committee.

During the year ended 31 December 2005, the total remuneration for permissible non-audit services provided by the external auditors (including any entity under common control, ownership or management with the auditors) amounted to HK\$1,259,000. The non-audit services mainly comprised tax compliance and tax advisory services of approximately HK\$994,000 and non-audit review of interim consolidated financial statements of approximately HK\$265,000. The audit committee was briefed in respect of the non-audit services and related fees and was satisfied that such services did not (in terms of the nature of services and the amount of fees charged) affect the independence of external auditors.

The re-appointment of PricewaterhouseCoopers as auditors of the Company has been recommended by the audit committee and endorsed by the Board and is subject to approval by shareholders at the forthcoming annual general meeting.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the Corporate of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules since the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 11 May 2005, except that the Group has not held board meetings for at least four times during the year ended 31 December 2005 as disclosed in the subsection headed "Board Meeting" of the Corporate Governance Report. With a view to complying with the Code of the Corporate Governance Practices, the Company had planned in advance four scheduled board meetings for the year ending 31 December 2006. Additional meetings will be held as and when required.

By order of the Board

Zhang Hwo Jie

Chairman

Hong Kong, 24 April 2006