

Corporate Governance Report

The Group has strong intention to comply with the provisions of the Code of 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 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 of Corporate Governance Practices 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 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

Corporate Governance Report

Independent Non-executive Directors

Dr. Lui Sun Wing

Mr. Choy Tak Ho

Mr. Leung Tai Chiu (Appointed on 5 June 2006)

Mr. Chan Wai Dune (Resigned on 5 June 2006)

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 25 to page 27 under the section headed "Directors and Senior Management Profile " of the annual report.

The Group has arranged appropriate insurance cover 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 has received from each of the independent non-executive directors an annual confirmation 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 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 2006, 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

Corporate Governance Report

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 2006.

BOARD MEETING

During the year ended 31 December 2006, the Board held ten meetings.

Name of directors	Number of attendance
Mr. Zhang Hwo Jie	10/10
Mr. Zhang Jian Hua	10/10
Mr. Zhang Yaohua	10/10
Mr. Nomo Kenshiro	9/10
Dr. Lui Sun Wing	10/10
Mr. Choy Tak Ho	10/10
Mr. Leung Tai Chiu (Note 1)	9/9
Mr. Chan Wai Dune (Note 2)	1/1

Note 1: Mr. Leung Tai Chiu was appointed as an independent non-executive director on 5 June 2006 and there were nine board meetings held during the period from 5 June 2006 to 31 December 2006.

Note 2: Mr. Chan Wai Dune resigned as an independent non-executive director with effect from 5 June 2006 and there was one board meeting held during the period from 1 January 2006 to 4 June 2006.

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 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 audit committee comprises the three independent non-executive directors with Dr. Lui Sun Wing as the chairman.

Corporate Governance Report

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 reports and accounts of the Group and oversees the Group's financial reporting 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 meeting during the year ended 31 December 2006 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 to the annual accounts for the year ended 31 December 2005 and the interim accounts for the six months ended 30 June 2006 before recommending the accounts 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	Attendance
Dr. Lui Sun Wing	2/2
Mr. Choy Tak Ho	2/2
Mr. Leung Tai Chiu (Note 1)	1/1
Mr. Chan Wai Dune (Note 2)	1/1

Note 1: Mr. Leung Tai Chiu was appointed as a member of the audit committee on 5 June 2006 and there was only one audit committee meeting during the period from 5 June 2006 to 31 December 2006.

Note 2: Mr. Chan Wai Dune resigned as a member of the audit committee with effect from 5 June 2006 and there was only one audit committee meeting held during the period from 1 January 2006 to 4 June 2006.

The audit committee has 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 2006.

Corporate Governance Report

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. One of the board meeting described in the section headed "Board Meeting" above which was held during the year ended 31 December 2006 was related to the nomination of Mr. Leung Tai Chiu as an independent non-executive director with all directors present at the meeting. The directors had discussed, inter alia, the qualification, experience, remuneration and terms of appointment of Mr. Leung Tai Chiu during that meeting.

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 2006, the remuneration committee held one meeting with all members present 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 of directors for the year ended 31 December 2006 are set out in Note 20 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. Further details in respect of the Group's share option scheme are set out on page 38 to page 41 under the section headed "Report of the Directors" of the annual report.

AUDITORS' REMUNERATION

During the year ended 31 December 2006, the total remuneration for audit services provided by PricewaterhouseCoopers, the external auditors, amounted to HK\$1,500,000. The audit fee was approved by the audit committee. The statement made by the auditors in respect of their reporting responsibilities are set out on page 45 of this annual report.

Corporate Governance Report

During the year ended 31 December 2006, 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 approximately to HK\$377,000. The non-audit services mainly comprised tax compliance and tax advisory services of approximately HK\$75,000 and non-audit agreed-upon procedures on the interim consolidated financial statements of approximately HK\$302,000. The audit committee had been 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, all directors confirm that they have complied with the required standards set out in the Model Code during the year ended 31 December 2006 and up to the date of this report.

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 to the Listing Rules during the year ended 31 December 2006.

By order of the Board

Zhang Hwo Jie

Chairman

Hong Kong, 3 April 2007