



**EVI Education Asia Limited**

(Incorporated in the Cayman Islands with limited liability)

[www.evi.com.hk](http://www.evi.com.hk)



**FOURTH QUARTERLY REPORT 2004 / 2005**

(For the twelve months ended 30th September 2005)

# Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (The “Stock Exchange”)

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This report, for which the directors of EVI Education Asia Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to EVI Education Asia Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



# Corporate Information

## Board of Directors

### Executive Directors

Ms. IP Kit Yee, Kitty  
*(Managing Director)*  
Mr. PONG Wai San, Wilson  
*(Chief Executive Officer)*  
Mr. CHAN Kin Chu, Harry  
Mr. CHEUNG Shi Kwan, Wings

### Non-executive Director

Mr. TSANG Link Carl, Brian

### Independent non-executive Directors

Mr. HUNG Tak Chow, Charles  
Mr. HUNG Fan Wai, Wilfred  
Mr. KOO Fook Sun, Louis  
Mr. LAI Hin Wing, Henry  
Mr. YING Wing Cheung

### Company Secretary

Mr. CHAN Kin Chu, Harry

### Compliance Officer

Mr. CHEUNG Shi Kwan, Wings

### Authorised Representatives

Mr. CHAN Kin Chu, Harry  
Mr. CHEUNG Shi Kwan, Wings

### Qualified Accountant

Mr. CHEUNG Hon Fai, Maurice

### Audit Committee

Mr. KOO Fook Sun, Louis  
*(Committee Chairman)*  
Mr. HUNG Tak Chow, Charles  
Mr. HUNG Fan Wai, Wilfred  
Mr. LAI Hin Wing, Henry  
Mr. YING Wing Cheung

### Remuneration Committee

Ms. IP Kit Yee, Kitty  
*(Committee Chairman)*  
Mr. CHEUNG Shi Kwan, Wings  
Mr. HUNG Tak Chow, Charles  
Mr. KOO Fook Sun, Louis  
Mr. YING Wing Cheung

## Nomination Committee

Ms. IP Kit Yee, Kitty  
*(Committee Chairman)*  
Mr. CHEUNG Shi Kwan, Wings  
Mr. HUNG Tak Chow, Charles  
Mr. KOO Fook Sun, Louis  
Mr. YING Wing Cheung

## Auditors

Grant Thornton  
*Certified Public Accountants*

## Principal Share Registrar and Transfer Office

Bank of Bermuda (Cayman) Limited  
P.O. Box 513 GT  
Strathvale House  
North Church Street  
George Town, Grand Cayman  
Cayman Islands, British West Indies

## Hong Kong Branch Share Registrar and Transfer Office

Tengis Limited  
Ground Floor  
Bank of East Asia Harbour View Centre  
56 Gloucester Road, Wanchai  
Hong Kong

## Registered Office

Century Yard, Cricket Square  
Hutchins Drive, P.O. Box 2681 GT  
George Town, Grand Cayman  
Cayman Islands, British West Indies

## Head Office and Principal Place of Business

9th Floor, Tai Sang Commercial Building  
24-34 Hennessy Road  
Hong Kong

## Website

[www.evi.com.hk](http://www.evi.com.hk)

## Stock Code

8090

## Cayman Islands Legal advisers

Conyers Dill & Pearnan, Cayman  
Suite 2901, One Exchange Square  
8 Connaught Place, Central, Hong Kong



# Fourth Quarterly Results for the twelve months ended 30th September 2005

## Financial Highlights

- Financial year end has been changed from 30th September to 31st December to be co-terminous with that of the holding company.
- Total revenue for the Twelve-Month Period reached approximately HK\$24,913,000, representing an increase of about 22% over the corresponding period in last financial year.
- Offline revenue for the Twelve-Month Period grew by 35% to approximately HK\$15,393,000.
- Loss attributable to equity holders of the Company for the Twelve-Month Period narrowed to approximately HK\$1,495,000 from HK\$4,205,000 in previous corresponding period, representing a decrease of 64%.
- As at 30th September 2005, the Group maintained its healthy financial position with cash on hand of approximately HK\$121,600,000 and no outstanding bank loan.



The board of directors (the "Board") of EVI Education Asia Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for twelve months ended 30th September 2005 (the "Twelve-Month Period") and three months ended 30th September 2005 (the "Quarterly Period") together with comparative figures for the corresponding periods ended 30th September 2004 as follows:

## Consolidated Income Statement

For the three and twelve months ended 30th September 2005

	Note	For the three months ended 30th September		For the twelve months ended 30th September	
		2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Audited)
<b>Revenue</b>	(3)	8,196	5,578	24,913	20,441
Costs of merchandise		(4,697)	(2,366)	(9,336)	(5,450)
Costs of internet connectivity fee		(40)	(70)	(151)	(291)
Staff costs		(2,481)	(2,598)	(10,262)	(10,039)
Depreciation		(208)	(206)	(805)	(1,306)
Amortisation of intangible assets		(10)	(413)	(51)	(1,645)
Impairment loss of good will		(1,542)	-	(1,542)	-
General and administrative expenses		(1,735)	(2,169)	(4,949)	(6,215)
<b>Loss before taxation</b>		(2,517)	(2,244)	(2,183)	(4,505)
Taxation	(6)	(41)	58	(66)	(16)
<b>Loss for the period</b>		(2,558)	(2,186)	(2,249)	(4,521)
Attributable to:					
Equity holders of the Company		(2,398)	(1,797)	(1,495)	(4,205)
Minority interests		(160)	(389)	(754)	(316)
		(2,558)	(2,186)	(2,249)	(4,521)
Loss per share – Basic	(8)	HK(0.029) cent	HK (0.045) cent	HK(0.024) cent	HK (0.105) cent



# Consolidated Balance Sheet

As at 30th September 2005

	Note	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(9)	1,774	741
Intangible assets	(10)	304	2,533
Total non-current assets		<u>2,078</u>	<u>3,274</u>
<b>Current assets</b>			
Trade receivables	(11)	6,032	3,566
Due from customers on installation contracts		-	135
Prepayments, deposits and other receivables		1,723	863
Cash and bank deposits		121,611	19,123
Total current assets		<u>129,366</u>	<u>23,687</u>
<b>Total assets</b>		<u>131,444</u>	<u>26,961</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	(14)	83,000	40,000
Other Reserves	(15)	100,870	37,362
Accumulated losses	(16)	(59,996)	(58,501)
		<u>123,874</u>	<u>18,861</u>
<b>Minority interests</b>	(17)	837	2,225
<b>Total equity</b>		<u>124,711</u>	<u>21,086</u>
<b>Current liabilities</b>			
Trade payables	(12)	2,452	969
Accruals and other payables		1,570	1,739
Deposits from customers		2,275	2,473
Due to minority shareholders of subsidiaries	(13)	380	660
Taxation payable		56	34
<b>Total current liabilities</b>		<u>6,733</u>	<u>5,875</u>
<b>Total equity and liabilities</b>		<u>131,444</u>	<u>26,961</u>
<b>Net current assets</b>		<u>122,633</u>	<u>17,812</u>
<b>Total assets less current liabilities</b>		<u>124,711</u>	<u>21,086</u>



# Condensed Consolidated Cash Flow Statement

For the twelve months ended 30th September 2005

	For the twelve months ended	
	30th September 2005	30th September 2004
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Net cash outflow from operating activities	(1,885)	(2,609)
Net cash outflow from investing activities	(1,855)	(385)
Net cash inflow from financing activities	<u>106,164</u>	<u>200</u>
Increase/(decrease) in cash and cash equivalents	102,424	(2,794)
Cash and cash equivalents at the beginning of the period	19,123	21,917
Effect of foreign exchange rate changes	<u>64</u>	<u>-</u>
Cash and cash equivalents at the end of the period	<u>121,611</u>	<u>19,123</u>



# Condensed Consolidated Statement of Changes in Equity

For the twelve months ended 30th September 2005

	For the twelve months ended	
	30th September 2005 HK\$'000 (Unaudited)	30th September 2004 HK\$'000 (Restated)
Balance at beginning of the period, as previously reported as equity	18,861	22,994
At beginning of the period, as previously separately reported as minority interests	<u>2,225</u>	<u>91</u>
Balance at beginning of the period	21,086	23,085
Exchange transaction difference	66	72
Loss for the period	(2,249)	(4,521)
Issue of new shares	106,444	-
Goodwill relating to establishment of a subsidiary attributable to minority interests	-	2,450
Adjustment to goodwill attributable to minority interests	<u>(636)</u>	<u>-</u>
Balance at the end of the period	<u>124,711</u>	<u>21,086</u>



# Notes to Condensed Financial Statements

## (1) Change of Financial Year End

Midland Holdings Limited ("Midland", together with its subsidiaries, the "Midland Group"), a company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), has become the holding company of the Company since 15th March 2005. Accordingly, the results of the Group will be required to be consolidated with Midland Group's consolidated accounts.

As disclosed in the Company's announcement dated 19th May 2005, its financial year end has been changed from 30th September to 31st December to be co-terminous with that of Midland (the "Change"). The Change affects the current financial year commenced from 1st October 2004. The Group's audited results for the fifteen months ending 31st December 2005 will be prepared for despatch to the Company's shareholders within three months thereafter.

## (2) Basis of Preparation and Principal Accounting Policies

### *Basis of preparation*

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

### *Principal accounting policies*

The unaudited condensed consolidated financial statements have been prepared under historical cost convention, except for financial assets held for trading that have been measured at fair value. The principal accounting policies and methods of computations used in the preparation of the unaudited condensed consolidated financial statement are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 30th September 2004, as disclosed below.

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards ("HKFRS") (which also include Hong Kong Accounting Standards ("HKAS") and Interpretations) (hereinafter collectively referred to as "new HKFRS") which are effective for accounting periods beginning on or after 1st January 2005. For the interim financial report for the six months ended 31st March 2005, the Company had not early adopted the new HKFRS and the accounting policies adopted were consistent with those used in the preparation of the Group's annual financial statements for the year ended 30th September 2004.

But, subsequent to Midland becoming the Company's holding company, the Company has decided to early adopt those new HKFRS with effect from 1st October 2004 in the third quarterly report for the nine-month period ended 30th June 2005, which was also the interim period end of Midland, because Midland would adopt the new HKFRS in the preparation of its interim results for the six months ended 30th June 2005.

The application of HKAS 1 led to an update of the presentation of financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to equity holders of the company are now presented as an allocation of the net result of the year.

The early adoption of HKFRS 3 "Business Combinations", HKAS 36 "Impairment of Assets" and HKAS 38 "Intangible Assets" has resulted in a prospective change in the accounting policy for goodwill. In prior years/ periods, goodwill was amortized using the straight-line method over its estimated useful life of less than 5 years. Where an indication of impairment existed, the carrying amount of goodwill was assessed and written down immediately to its recoverable amount. On adoption of HKFRS 3, goodwill was not amortized since 1st October 2004 and eliminated the accumulated amortization as at 30th September 2004 of HK\$2,494,000 with a corresponding decrease in the cost of goodwill. From 1st October 2004 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.



# Notes to Condensed Financial Statements *(continued)*

## (2) Basis of Preparation and Principal Accounting Policies *(continued)*

### *Principal accounting policies (continued)*

The early adoption of new HKFRS 3, HKAS 36 and HKAS 38 has no material impact on the unaudited condensed financial statements for the Twelve-Month Period of the Group except that (1) no goodwill amortization was charged for the Quarterly Period compared with corresponding period in last financial year and (2) goodwill amortization of approximately HK\$767,000 previously reported for the six months ended 31st March 2005 were reversed to reflect the early adoption of these standards from 1st October 2004. There was no impact on the opening accumulated losses as at 1st October 2004.

Under HKFRS 2 "Share-Based Payment", the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement and it applies to the share options that are granted after 7th November 2002 and have not yet vested at 1st January 2005. As (1) the pre-IPO share options granted on 28th February 2001 which were before the relevant date of 7th November 2002; (2) the post-IPO share options granted on 31st October 2001 which were before the relevant date of 7th November 2002 and (3) no share option has been granted under the new share option scheme which was adopted by the Company on 6th June 2005, no share option of the Company is subject to the requirements of the HKFRS 2. Therefore, the adoption of the HKFRS 2 has not resulted in a charge of employee options expenses to the income statement.

Under HKAS 32 and HKAS 39, financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Financial assets originally designated as financial assets at fair value through profit or loss may not subsequently be reclassified.

There was no impact on the opening accumulated losses as at 1st October 2004 from the adoption of all new HKFRSs.

## (3) Revenue

The Group is principally engaged in (i) provision of internet education services, (ii) sales and installation of computer hardware and software, (iii) website development and commercial projects and (iv) provision of computer training services. Revenue recognised during the Twelve-Month Period is as follows:

	For the Three Months Ended 30th September		For the Twelve months Ended 30th September	
	2005	2004	2005	2004
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Turnover				
Internet education fee	987	1,079	7,683	8,820
Sales and installation of computer hardware and software	5,002	2,889	9,841	7,102
Website development and commercial projects	655	899	3,041	1,609
Computer training fee	639	620	2,409	2,553
Others	7	37	102	122
	<u>7,290</u>	<u>5,524</u>	<u>23,076</u>	<u>20,206</u>
Total turnover				
Other revenue				
Interest income	906	54	1,837	235
	<u>906</u>	<u>54</u>	<u>1,837</u>	<u>235</u>
Total Revenue	<u>8,196</u>	<u>5,578</u>	<u>24,913</u>	<u>20,441</u>



# Notes to Condensed Financial Statements (continued)

## (4) Segment Reporting

### (a) Business segments

The Group operates under four main business segments, namely provision of internet education services, sales and installation of computer hardware and software, website development and commercial project and provision of computer training services.

	For the twelve months ended 30th September 2005 (Unaudited)					Group HK\$'000
	Internet education HK\$'000	Sales and installation of computer hardware and software HK\$'000	Website development and commercial project HK\$'000	Computer training HK\$'000	Others HK\$'000	
Turnover	7,683	9,841	3,041	2,409	102	23,076
Segment (loss) /profit	(2,692 )	(747 )	(659 )	876	(15 )	(3,237 )
Unallocated costs						(783 )
Operating loss						(4,020 )
Interest income						1,837
Loss before taxation						(2,183 )
Taxation						(66 )
Loss for the period						(2,249 )
<b>Other Information</b>						
Segment assets	2,837	5,586	170	610	421	9,624
Unallocated assets						121,820
Total assets						131,444
Segment liabilities	2,704	2,785	274	414	7	6,184
Unallocated liabilities						549
Total liabilities						6,733
Capital expenditure	1,855	-	-	-	-	1,855
Depreciation	684	34	77	9	1	805
Amortisation	51	-	-	-	-	51
Impairment loss of goodwill	1,542	-	-	-	-	1,542



# Notes to Condensed Financial Statements *(continued)*

## (4) Segment Reporting *(continued)*

### (a) Business segments *(continued)*

	For the twelve months ended 30th September 2004 (Audited)					Group HK\$'000
	Internet education HK\$'000	hardware and software HK\$'000	Website development and commercial project HK\$'000	Computer training HK\$'000	Others HK\$'000	
Turnover	8,820	7,102	1,609	2,553	122	20,206
Segment (loss) /profit	(3,155)	(1,385)	(262)	632	(20)	(4,190)
Unallocated costs						(550)
Operating loss						(4,740)
Interest income						235
Loss before taxation						(4,505)
Taxation						(16)
Loss for the period						(4,521)
<b>Other Information</b>						
Segment assets	3,735	2,972	174	649	13	7,543
Unallocated assets						19,418
Total assets						26,961
Segment liabilities	3,167	1,177	271	405	21	5,041
Unallocated liabilities						834
Total liabilities						5,875
Capital expenditure	2,835	-	-	-	-	2,835
Depreciation	1,306	-	-	-	-	1,306
Amortisation	907	369	-	369	-	1,645



# Notes to Condensed Financial Statements *(continued)*

## (4) Segment Reporting *(continued)*

### (b) Geographical segments

A geographical analysis of the Group's revenue is not presented as the Group's revenue in geographical segments other than Hong Kong is less than 10% of the aggregate amount of all segments.

The following tables show the carrying amounts of segment assets and additions to property, plant, equipment and intangible assets by geographical areas in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant, equipment and intangible assets	
	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Audited)
Hong Kong	128,268	19,997	1,706	164
The People's Republic of China other than Hong Kong ("PRC")	3,176	6,964	149	2,671
	<u>131,444</u>	<u>26,961</u>	<u>1,855</u>	<u>2,835</u>

## (5) Loss Before Taxation

Loss before taxation is arrived at after charging:

	For the three months ended 30th September		For the twelve months ended 30th September	
	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Audited)
Charging:				
Costs of provision of internet connectivity fee	40	70	151	291
Costs of merchandise	4,697	2,366	9,336	5,450
Staff cost (including directors' emoluments)				
– salaries	2,293	2,418	9,546	9,343
– pension costs-defined contribution plan	188	180	716	696
Operating lease rentals				
in respect of				
– premises	299	499	1,195	1,861
– computer equipment	35	36	194	219
Depreciation	208	206	805	1,306
Amortisation of intangible assets:				
– Website development costs	10	30	51	636
– Goodwill	–	383	–	1,009
Impairment of good will	1,542	–	1,542	–
Provision for doubtful debts	10	95	54	59
Loss on disposal of fixed assets	17	–	17	–
	<u>17</u>	<u>–</u>	<u>17</u>	<u>–</u>



# Notes to Condensed Financial Statements (continued)

## (6) Taxation

The amount of taxation charged to the unaudited consolidated income statement represented the Hong Kong profits tax provided on the estimated assessable profit. Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The Company was incorporated in the Cayman Islands and is exempt from the taxation in the Cayman Islands until 2021. The Company's subsidiaries were incorporated in the British Virgin Islands under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempt from payment of British Virgin Islands income taxes. No provision for PRC profit tax has been made as there is no assessable profit for PRC subsidiaries for the Twelve-Month Period.

The tax effect of temporary differences for deferred tax assets was not recognised in the financial statements as the tax loss of the Company is subject to the agreement of the Hong Kong Inland Revenue Department and can be carried forward indefinitely.

## (7) Interim Dividend

The Board does not recommend the payment of an interim dividend for the Twelve-Month Period. (2004: Nil)

## (8) Loss Per Share

The calculation of basic loss per share for the Twelve-Month Period and the Quarterly Period is based on the unaudited consolidated loss attributable to equity holders of the Company for the Twelve-Month Period and the Quarterly Period of approximately HK\$1,495,000 (2004: HK\$4,205,000) and HK\$2,398,000 (2004: HK\$1,797,000) respectively and on the weighted average number of 6,356,164,384 shares (2004: 4,000,000,000 shares) of the Company (the "Shares") and 8,300,000,000 shares (2004: 4,000,000,000 shares) in issue throughout the Twelve-Month Period and Quarterly Period respectively.

No diluted loss per share is presented for the Quarterly Period and Twelve-Month Period because the effect is anti-dilutive.

## (9) Property, Plant and Equipment

	Leasehold improvements <i>HK\$'000</i>	Furniture and office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>				
At 1st October 2004	1,865	739	6,254	8,858
Additions for the period	1,163	75	617	1,855
Disposals	(1,789)	(8)	(1,182)	(2,979)
	<u>1,239</u>	<u>806</u>	<u>5,689</u>	<u>7,734</u>
At 30th September 2005				
<b>Accumulated depreciation</b>				
At 1st October 2004	1,787	696	5,634	8,117
Charge for the period	287	32	486	805
Disposals	(1,789)	(5)	(1,168)	(2,962)
	<u>285</u>	<u>723</u>	<u>4,952</u>	<u>5,960</u>
At 30th September 2005				
<b>Net book value</b>				
At 30th September 2005	<u>954</u>	<u>83</u>	<u>737</u>	<u>1,774</u>
At 30th September 2004	<u>78</u>	<u>43</u>	<u>620</u>	<u>741</u>



# Notes to Condensed Financial Statements (continued)

## (10) Intangible Assets

	Website development costs <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Licensing rights <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Carrying amount</b>				
At 1st October 2004	66	2,467	–	2,533
Amortisation during the period	(51)	–	–	(51)
Adjustment of good will <i>(note)</i>	–	(636)	–	(636)
Impairment loss <i>(note)</i>	–	(1,542)	–	(1,542)
	<u>15</u>	<u>289</u>	<u>–</u>	<u>304</u>
<b>As at 30th September 2005</b>				
Gross carrying amount	6,534	1,831	6,318	17,177
Accumulated amortization and impairment loss	(6,519)	(1,542)	(6,318)	(16,873)
Carrying amount	<u>15</u>	<u>289</u>	<u>–</u>	<u>304</u>
<b>As at 30th September 2004</b>				
Gross carrying amount	6,534	4,961	6,318	17,813
Accumulated amortisation and impairment loss	(6,468)	(2,494)	(6,318)	(15,280)
Carrying amount	<u>66</u>	<u>2,467</u>	<u>–</u>	<u>2,533</u>

**Note:** In August 2005, a review on the first full-year performance of the Chinese-foreign joint venture (the "CJV") was performed and the results of the CJV were behind original expectation, the Group and its PRC partner reached an agreement to alter their mode of cooperation. According to the new arrangement, the PRC partner is no longer required to grant certain software usage rights to the CJV as originally committed, while their shareholding should be reduced from 49% to 30%. The company's shareholding in the CJV was increased from 51% to 70% accordingly, resulting in a reduction of goodwill arisen from the formation of the CJV. With the indication of impairment from this first full-year performance review on the CJV and the high uncertainty about the CJV's future profit contribution, an impairment assessment was then performed. The carrying amount of such cash-generating unit exceeds its recoverable amount and the goodwill relating to the CJV amounted to HK\$1,542,000 was then fully written off to the income statement in current quarter.

Apart from the decrease in goodwill resulting from the increase in the Group's shareholding of the CJV as mentioned above, the change in the gross carrying amount of goodwill between 30th September 2004 and 30th September 2005 was caused by the transitional provisions of HKFRS 3. In accordance with the Standard, all accumulated amortization as at 30th September 2004 was eliminated against the gross amount of goodwill and amortization of goodwill was discontinued from 1st October 2004.



# Notes to Condensed Financial Statements (continued)

## (11) Trade Receivables

Majority of the Group's turnover is on open account terms and in accordance with terms specified in the contracts governing the relevant transactions.

The ageing analysis of the Group's trade receivables is as follows:-

	<b>As at 30th September 2005</b>	<b>As at 30th September 2004</b>
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
0 to 30 days	3,454	2,060
31 to 60 days	1,619	994
61 to 90 days	770	125
Over 90 days	736	914
	<hr/>	<hr/>
	6,579	4,093
Less: Provision for doubtful debts	(547)	(527)
	<hr/>	<hr/>
	<b>6,032</b>	<b>3,566</b>

## (12) Trade Payables

The ageing analysis of the Group's trade payables is as follows:-

	<b>As at 30th September 2005</b>	<b>As at 30th September 2004</b>
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
0 to 30 days	1,791	703
31 to 60 days	286	198
61 to 90 days	72	13
Over 90 days	303	55
	<hr/>	<hr/>
	2,452	969
	<hr/>	<hr/>

## (13) Due to Minority Shareholders of Subsidiaries

The amount was unsecured, non-interest bearing and had no fixed repayment terms. During the Twelve-Month Period, the Group made repayment amounting to HK\$280,000 to a minority shareholder of a subsidiary.



# Notes to Condensed Financial Statements (continued)

## (14) Share Capital

	Number of shares	Nominal value (Shares of 0.01 each) HK\$'000
<b>Authorised:</b>		
At 30th September 2005 and 30th September 2004	50,000,000,000	500,000
<b>Issued and fully paid</b>		
At 30th September 2004 (Audited)	4,000,000,000	40,000
Issue of new shares (note)	4,300,000,000	43,000
At 30th September 2005 (Unaudited)	8,300,000,000	83,000

Note: During the Twelve-Month Period, 4,300,000,000 new Shares of HK\$0.01 each (the "Subscription Shares") were issued at a premium of HK\$0.015 each. The reason for this increase in issued share capital was that Midland Group subscribed for the Subscription Shares on 15th March 2005 pursuant to a subscription agreement dated 25th January 2005 (the "Share Subscription")

## (15) Other Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Exchange difference HK\$'000	Total HK\$'000
At 1st October 2003	22,372	14,918	–	37,290
Exchange difference	–	–	72	72
At 30th September 2004	22,372	14,918	72	37,362
At 1st October 2004	22,372	14,918	72	37,362
Issue of new shares (Note 14)	64,500	–	–	64,500
Share issue expenses (Note 14)	(1,056)	–	–	(1,056)
Exchange difference	–	–	64	64
At 30th September 2005	85,816	14,918	136	100,870

## (16) Accumulated Losses

	As at 30th September 2005 HK\$'000 (Unaudited)	As at 30th September 2004 HK\$'000 (Audited)
Balance at beginning of the period	(58,501)	(54,296)
Loss attributable to equity holders of the Company	(1,495)	(4,205)
Balance at the end of the period	(59,996)	(58,501)



# Notes to Condensed Financial Statements (continued)

## (17) Minority Interests

	<b>As at 30th September 2005</b>	<b>As at 30th September 2004</b>
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Balance at beginning of the period	2,225	91
Loss for the period	(754)	(316)
Establishment of a subsidiary	-	2,450
Adjustment of goodwill	(636)	-
Exchange difference	2	-
	<u>837</u>	<u>2,225</u>
Balance at the end of the period	<u>837</u>	<u>2,225</u>

## (18) Share Option Scheme

Details of options outstanding as at 30th September 2005 were as follows:

	<b>Number of share options</b>	
	<b>Pre-IPO Share Option Scheme</b>	<b>Post-IPO Share Option Scheme</b>
At 1st October 2004	220,000,000	14,000,000
Less: share options lapsed during the period	<u>(220,000,000)</u>	<u>(7,500,000)</u>
At 30th September 2005	<u>-</u>	<u>6,500,000</u>

No share option was granted during the Twelve-Month Period.

All Pre-IPO Share Options lapsed immediately after the option exercisable period expired on 16th March 2005. All Post-IPO Share Options lapsed as at 31st October 2005.

## (19) Operating Lease Commitments

The Group had future aggregate minimum leases payments under various non-cancellable operating leases in respect of office premises and computer equipment as follows:

	<b>As at 30th September 2005</b>	<b>As at 30th September 2004</b>
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Not later than one year	3,043	750
Later than one year and not later than five years	<u>2,887</u>	<u>1,205</u>
	<u>5,930</u>	<u>1,955</u>



# Financial Performance

The Group's performance continued to improve in the fourth quarter, compared to the same period last year, thanks to the strategic move to increase Group's capital through the share subscription by Midland Holdings Limited ("Midland") (the "Share Subscription"). Market sentiment that turned optimistic along with the economic recovery also helped. Through networking among the kindergartens, primary schools, secondary schools, teachers, parents and children, the Group expanded its educational-commercial revenue base and reinforced its brand recognition within the education sector. The Group is now in a good position to meet the customer needs by matching appropriate commercial partners or elements with products or services.

For the Twelve-Month Period, the Group's unaudited consolidated turnover increased by approximately 14% to HK\$23,076,000, year on year (2004: HK\$20,206,000), mainly due to improvement in offline revenue, including commercial projects and the Multi-media Learning Centre (the "MMLC") projects. For the Twelve-Month Period, loss attributable to equity holders of the Company narrowed to approximately HK\$1,495,000 from HK\$4,205,000, the year before, down 64%.

In the Quarterly Period, turnover reached approximately HK\$7,290,000, up 32% from HK\$5,524,000 in 2004. Loss attributable to equity holders of the Company was approximately HK\$2,398,000 (2004 loss: HK\$1,797,000).

After reviewing the first full-year performance of the Chinese-foreign joint venture (the "CJV") as at the end of August 2005, the results were behind original expectation, the Group and its PRC partner reached an agreement to alter their mode of cooperation. According to the new arrangement, the PRC partner is no longer required to grant certain software usage rights to the CJV as originally committed, while their shareholding should be reduced from 49% to 30%. The Company's shareholding in the CJV was then increased from 51% to 70% accordingly, resulting in a reduction of the Group's goodwill arisen from the formation of the CJV. Approval for the change in shareholding has been obtained from the relevant government authorities in the PRC. With the indication of impairment from this first full-year performance review on the CJV and the high uncertainty about the CJV's future profit contribution; an impairment assessment was then performed and hence the remaining balance of goodwill arisen from the formation of the CJV of HK\$1,542,000 and the entire sum was written off to the income statement in the current quarter.

In terms of segmental performance, the Group's revenue from the Internet business for the Twelve-Month Period decreased by 13% to approximately HK\$7,683,000, representing about 33% of total turnover. As free hardware was no longer included with subscription renewal, subscription fee fell, causing the recurrent subscription income from the EVI On-line System portals to decline as well. However, the number of kindergarten users remained stable during the Quarterly Period. As a percentage of total turnover for the Twelve-Month Period of HK\$23,076,000, income from the Internet segment decreased following a 35% increase in offline revenue to approximately HK\$15,393,000 over the same period last year. In terms of segmental contribution, sales and installation of hardware and software yielded approximately 43%, Website development and other commercial projects, approximately 13%, computer training courses and other services, approximately 11%.



## Financial Performance (continued)

Riding on the Quality Education Fund (QEF) and matching grants to upgrade the schools' IT infrastructure, the Group strengthened its sale forces so as to expand its network, and was able to increase hardware and software sales during the Quarterly Period. Revenue from Website development and/or commercial projects also recorded significant growth, reflecting further business potential in this segment. The directors of the Company (the "Directors") expected that more business opportunities in commercial collaboration are likely. In addition to revenue from recurrent computer training courses, revenue started to generate in the current quarter from the provision of on-line professional training courses to practitioners in the real estate broking business. During the Twelve-Month Period, interest income increased significantly along with the increase in the capital fund stemming from the Midland's Share Subscription.

As at 30th September 2005, the Group continued to maintain a sound financial position with cash on hand of approximately HK\$121,611,000 and no outstanding bank loan. In view of stable recurring income from the existing core education business as well as possible new business opportunities resulting from Midland's Share Subscription, the Directors maintain an optimistic outlook on the Group's future financial position.

## Business Overview

### Customer base, income stream diversified

The EVI portals continued to receive favorable response from users. Despite the market trend to downsize, the Group was able to solicit new business to expand its EVI Online System and derived subscription fees at an acceptable level. Along with core online education services, the Group applied its Website development know-how to collaborative projects with commercial partners and several Hong Kong government departments, such as, the *Education and Manpower Bureau*, to generate additional revenue. The Group also reinforced its network business value by organizing various activities or promotional campaigns, such as, fun days and game booths, thus offering a "win-win" situation for kindergartens, parents, kids and commercial partners.

### Online professional training

With a view towards sustaining long-term growth through related business diversification, the Group began developing online professional training programs for practitioners in the real estate broking business and/or other regulated or licensed service industries in Hong Kong. The first phase that targeted real estate broking practitioners seeking to meet licensing examination requirements was launched at a new portal in September 2005. In the current quarter, these licensing courses have begun to generate revenue.



## Business Overview (continued)

### Marketing

**Kindergartens:** Activities such as the “EVI Drawing Competition” were organized for members from various kindergartens regularly. The Group believes that such activities will reinforce brand building and help consolidate member parents’ loyalty.

**Primary schools:** *I-Cube* continued to pursue the concept of mixing fun with learning by establishing the *I-Cube Digital Learning Centre* in Mongkok. The objective is to provide comfortable facilities for members to gather for recreational activities. The venue also serves to host training courses for members during holidays and off-school hours.

**The PRC market:** To build a portfolio of showcases, the Group fine-tuned its marketing plan and approach to put more resources in to renowned kindergartens in Dongguan and Guangzhou. The Directors believe that valuable business know-how garnered from cooperation with these kindergartens would help the Group deal with the PRC school sector in the next school year.

### Launch of products, contents, features and technology deployment

All along, the Group has been striving to achieve revenue growth and to build loyalty among customers by offering quality services with added value through the EVI Online System. In pursuing this commitment, continuous efforts have been made on fine-tuning and enriching the content of the Group’s Websites.

In light of the deep penetration and wide coverage of mobile phones in Hong Kong, the Group envisioned the use of mobile technology as a comprehensive and effective communication mode between schools and parents. Accordingly in the Quarterly Period, the Group launched short messaging service (“SMS”) together with Smart Card and Web interfaces as a new service standard under the “EVI School Messages Platform”. Initial marketing efforts targeted primary schools and kindergartens. The Directors anticipate such bundling of services to increase the Group’s market share in the school sector as well as the parental subscription rate.

### Outlook

The Directors are confident that the Group’s portals and programs can serve as all-rounded and optimal channels to deliver knowledge and information as well as reinforce ties among schools, families and students as they go through their learning process. In light of the rapid growth of home or broadband Internet installation, the Directors maintain a positive view on the e-educational service industry.



## Outlook (continued)

Taking into account the rising requirements of continuing professional development ("CPD") training for real estate practitioners in today's competitive environment, the Group had the insight to develop online CPD training programs in the last quarter. As the second phase of the Group's online professional training development, the CPD program leveraged on in-house technical knowledge and experience in e-learning portals development. Several CPD subjects designed by the Midland group and accredited by the *Hong Kong Council for Academic Accreditation* as core and non-core subjects have been uploaded to the Group's e-learning portals and launched on the market. Given that the CPD implementation only will become mandatory in year 2007 and the initial nature of the Group's CPD training program, the Directors believe that the modest revenue recorded since the program's launch can reflect the huge potential of this new business. In addition, the Group is designing a series of courses on legal and compliance issues governing property practices. The Group hopes to launch this third phase of online training program in year 2006.

Besides developing online professional training programs, the Directors will continue to look for property management or investment opportunities in both the residential and commercial sectors. But as of this reporting date, the Group had no specific plan; nor did it identify any investment target.

In addition to the e-educational business, the Group is eager to take full advantage of its e-learning portals to promote services targeting children and parents. In the Quarterly Period, the Group had signed a licensing agreement with a bath and body care company to retail a wide range of products for the health conscious in Hong Kong and the mainland China. The Directors believe that by leveraging on the network of existing customers, the Group could implement an effective promotion of new lines to broaden the Group's revenue stream over time.

## Management Discussion and Analysis

### Liquidity, Financial Resources and Gearing Ratio

As at 30th September 2005, the Group maintained a healthy financial position with cash on hand of approximately HK\$121,600,000 and no outstanding bank loan.

The Group generally finances its operations and investing activities with internally generated cash flows, the balance of proceeds from the initial placing of shares of the Company at initial listing on GEM and the proceeds from Midland's Share Subscription. As at 30th September 2005, the Group had unaudited net current assets of approximately HK\$122,633,000 (2004: HK\$17,812,000), including cash and bank deposits amounted to approximately HK\$121,611,000 (2004: HK\$19,123,000). There were nil consolidated total non-current liabilities (2004: Nil). The Group did not have any bank borrowings nor any banking facilities as at 30th September 2005 (2004: Nil). The gearing ratio (defined as a percentage of long term obligations over total assets) of the Group as at 30th September 2005 was Nil (2004: Nil). The financial position of the Group has strengthened significantly after the Midland's Share Subscription. The Directors believe the Group's existing financial resources are sufficient to fulfill its commitments and current working capital requirements.



## Management Discussion and Analysis (continued)

### Capital Structure and Foreign Exchange Exposure

The unutilized proceeds from Midland's Share Subscription together with interest income generated amounted to approximately HK\$107,687,000 and the unutilized proceeds from the initial placing amounted to approximately HK\$6,284,000 were placed in Hong Kong Dollar short-term interest bearing deposits with banks in Hong Kong. The Group placed approximately HK\$4,888,000 in Australian dollar short-term interest bearing deposits with banks in Hong Kong and approximately HK\$2,752,000 in Renminbi saving accounts with banks in the mainland China. The Directors believed that the foreign exchange exposure to Australian dollar is mild as it could compensate from the relatively high interest income generated. The Group had not obtained any banking facilities for the Twelve-Month Period. The income of the Group are mainly dominated in Hong Kong Dollar and the Group has adequate recurring cash flow to meet the working capital requirement. The Group adhered to a prudent policy on financial risk management and the management of currency and interest rate exposures and not to enter into derivative transactions for speculative purposes. Hence, the Group's exposure to fluctuations in the exchange rate is considered to be minimal and there is no need to make use of financial instruments for hedging purposes.

### Charge on Assets

The Group did not have any charge on their assets as at 30th September 2005 (2004: Nil).

### Significant Acquisition

The Company did not have any significant acquisition in the Twelve-Month Period.

### Future Plans for Material Investments and Capital Assets

There was no solid future plan for material investments and acquisition of material capital assets as at 30th September 2005.



## Management Discussion and Analysis *(continued)*

### Employee Information

Staff costs, including directors' remuneration, were approximately HK\$10,262,000 for the Twelve-Month Period (2004: HK\$10,039,000). Headcount remained stable at 97 as at 30th September 2005 compared to 102 as at 30th September 2004. Headcount and staff cost remained stable compared with the previous corresponding period.

Employees were paid at market remuneration with discretionary bonus and benefits of medical insurance, mandatory provident fund scheme, defined contribution retirement plans organised by the relevant authorities for PRC employees, share options and necessary training. The Group's employee remuneration policy, bonus and share option schemes have been reviewed and rewarded against staff's performance on annual basis.

### Contingent Liabilities

The Group had no contingent liabilities as at 30th September 2005 (2004: Nil).

### Directors' Securities Transactions

During the Twelve-Month Period, the Company adopted a code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.46 to 5.68 of the GEM Listing Rules. The Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.



# Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30th September 2005, the interests and short positions of each of the Directors, chief executives or their associates in the Shares, underlying Shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be entered in to the register to be kept under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of director	Number of Shares of the Company			Percentage of Shareholding
	Personal interests	Corporate interests	Total	
Mr. Pong Wai San, Wilson ("Mr. Pong") (Note)	153,610,000	2,182,300,000	2,335,910,000	28.14%
Mr. Cheung Shi Kwan, Wings	4,000,000	–	4,000,000	0.05%

Note: As at 30th September 2005, 2,182,300,000 Shares were registered in the name of and beneficially owned by Summerview Enterprises Limited ("Summerview") and 153,610,000 Shares were registered in the name of Mr. Pong. The entire issued share capital of Summerview are registered in the name of and beneficially owned by Mr. Pong.

All the interests disclosed above represent long position in the Shares of the Company.

Save as disclosed above, as at 30th September 2005, none of the Directors, nor chief executive of the Company or their associates had or deemed to have any interests or short positions in the Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be entered into the register required to be kept under section 352 of the SFO or to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.



# Outstanding Share Options

As at 30th September 2005, options to subscribe for an aggregate of 6,500,000 Shares granted under the Post-IPO Share Option Scheme were outstanding.

## (1) Pre-IPO Share Option Scheme

Pursuant to a written resolution of all the shareholders of the Company passed on 28th February 2001, options to subscribe for an aggregate of 255,000,000 Shares (as adjusted by the share subdivision as on 31st October 2001) (the "Shares") at an exercise price of HK\$0.076 (as adjusted) had been conditionally granted by the Company to certain Directors and employees of the Group. All of these options lapsed during the Twelve-Month Period.

## (2) Post-IPO Share Option Scheme

At the Board meeting of the Company held on 31st October 2001, options for an aggregate of 25,000,000 Shares were conditionally granted by the Company to fifteen full time employees of the Group at the exercise price equal of HK\$0.208 (as adjusted). All of these options may be exercised in the period from 1st November 2002, the expiry date of 12 months from the date of grant, to 31st October 2005, provided that the maximum number of Shares the grantees are entitled to subscribe for by exercising the options shall not exceed:

- (i) 30% of the total number of option during the first year of such three-year period;
- (ii) 60% of the total number of option during the second year of such three-year period; and
- (iii) the remaining unexercised option during the third year of such three-year period.

As at 30th September 2005, options for an aggregate of 6,500,000 Shares granted to three employees under the Post-IPO Share Option Scheme were outstanding. Details of the movements of the outstanding share options during the Twelve-Month Period were as follows:

	<b>Number of share options</b>
As at 1st October 2004	14,000,000
Less: share options lapsed during the period	<u>(7,500,000)</u>
As at 30th September 2005	<u>6,500,000</u>

*Note:* All of these options lapsed as at 31st October 2005.



## Outstanding Share Options *(continued)*

### (3) New Share Option Scheme

At the Company's extraordinary general meeting held on 6th June 2005, a new share option scheme of the Company was approved by its shareholders. As at 30th September 2005, no option was granted thereunder. The new share option scheme became unconditional on 13th July 2005. Thereupon, the operation of the Post-IPO Share Option Scheme was terminated.

## Substantial Shareholders

So far as is known to the Directors, as at 30th September 2005, the interests and short positions (if any) of the substantial shareholders in the shares and underlying shares of the Company as entered into the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Number of issued shares	Capacity in which shares are held	Percentage holding
Valuewit Assets Limited ("Valuewit")	4,300,000,000 <i>(Note 1)</i>	Beneficial Owner	51.81%
Midland Holdings Limited ("Midland")	4,300,000,000 <i>(Note 1)</i>	Controlled Company	51.81%
Summerview	2,182,300,000	Beneficial Owner	26.29%
Mr. Pong	2,182,300,000 <i>(Note 2)</i>	Controlled Company	28.14%
	153,610,000	Beneficial Owner	

#### Notes:

1. Valuewit and Midland are deemed to be interested in the same tranche of shares which have been issued to Valuewit on 15th March 2005 pursuant to a subscription agreement dated 25th January 2005 entered into between, in ter alia, the Company and Midland.

2. As at 30th September 2005, 2,182,300,000 Shares were registered in the name of and beneficially owned by Summerview. The entire issued share capital of Summerview is registered in the name of and beneficially owned by Mr. Pong.

All the interests disclosed above represent long position in the Shares of the Company.

Save as disclosed herein, as at 30th September 2005, the Directors were not aware of any other persons or companies (not being a Director or chief executive of the Company) had, or deemed to have, interests or short positions in the Shares or underlying Shares representing 5% or more of the Company's issued share capital.



## Competing Interests

The Directors believe that none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) of the Company had an interest in a business, which cause or may cause significant competition with the business of the Group.

## Board Practices And Procedures

The Company had complied with Rule 5.34 of the GEM Listing Rules regarding board practices and procedures throughout the Twelve-Month Period.

## Audit Committee

The Company has established an Audit Committee and has formulated its written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises five independent non-executive Directors, namely Mr. Hung Tak Chow, Charles, Mr. Hung Fan Wai, Wilfred, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Ying Wing Cheung. The primary duties of the Audit Committee are to oversee the Company's financial reporting process and internal control system. Up to the date of this report, four audit committee meetings were held during the Twelve-Month Period.

This quarterly report has been reviewed by the Audit Committee which has provided comments and advice thereon and are of the opinion that such report complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosure has been made.

## Remuneration Committee

The Remuneration Committee of the Company has been established on 21st April 2005. The function of the Committee is to consider and recommend to the Board on the Group's remuneration policy and structure for all remuneration of executive directors and senior management and to review and determine the remuneration packages of the executive directors and senior management.

The Committee comprises three independent non-executive Directors, namely Mr. Hung Tak Chow, Charles, Mr. Koo Fook Sun, Louis and Mr. Ying Wing Cheung, and two executive Directors namely Ms. Ip Kit Yee, Kitty and Mr. Cheung Shi Kwan, Wings.



## Nomination Committee

The Nomination Committee of the Company has been established on 21st April 2005. The function of the Committee is to have regard to the independence and quality of nominees, make recommendations to the Board so as to ensure that all nominations are fair and transparent.

The Committee comprises three independent non-executive Directors, namely Mr. Hung Tak Chow, Charles, Mr. Koo Fook Sun, Louis and Mr. Ying Wing Cheung, and two executive Directors namely Ms. Ip Kit Yee, Kitty and Mr. Cheung Shi Kwan, Wings.

## Purchase, Sale and Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Twelve-Month Period.

## Appreciation

Finally, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and partners for their continuous support, to the management and staff for their hard work, support and dedication throughout the Twelve-Month Period.

By Order of the Board

**EVI Education Asia Limited**

**Ip Kit Yee, Kitty**

*Executive Director and Managing Director*

Hong Kong, 8th November 2005

