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EVI Education Asia Limited

EVI 教育亞洲有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8090)

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF I-CUBE EDUCATION LIMITED

The Board announces that on 11th October 2006, the Vendor (a wholly-owned subsidiary of the Group) and the Purchaser entered into the S&P Agreement under which the Vendor agreed to sell and assign to the Purchaser the Sale Shares (representing 60% of the shareholding interest in I-Cube) and the Loan (representing a shareholder's loan in the sum of HK\$264,155) due from I-Cube to the Vendor, respectively, at a total price of HK\$165,996 payable in cash at completion. Completion of the S&P Agreement took place on the same date.

The S&P Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. Since the Purchaser was a substantial shareholder and a director of I-Cube, an indirect non-wholly owned subsidiary of the Company, the S&P Agreement also constitutes a connected transaction for the Company under the GEM Listing Rules. It is subject to the reporting and announcement requirements of the GEM Listing Rules but is exempt from the independent shareholders approval requirements under the GEM Listing Rules.

A circular containing further particulars of the S&P Agreement will be despatched to the Shareholders as soon as possible in accordance with the requirements of the GEM Listing Rules.

A. S&P AGREEMENT

Date:

11th October 2006

* for identification purposes only

Parties:

1. The Vendor. The Vendor was holding 60% of the issued share capital of I-Cube before the Disposal.
2. The Purchaser. Before the Disposal, the Purchaser was an individual shareholder of I-Cube holding 40% of its issued share capital, and also a director of I-Cube. He was accordingly a connected person (as defined in the GEM Listing Rules) of the Company.

Assets disposed of:

The Vendor sold the Sale Shares, comprising 60% of the issued share capital in I-Cube, and also assigned its rights, title and interests in the Loan in the sum of HK\$264,155 due from I-Cube to the Vendor. The Loan was interest free, unsecured and without fixed repayment date.

Consideration:

The total price for the Sale Shares and the Loan is HK\$165,996, apportioned as to HK\$12 for the Sale Shares and HK\$165,984 for the Loan, payable in cash. The consideration was fully paid at Completion occurring on the same date as the S&P Agreement.

The price had been arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, the face value of the Loan and the current net deficit of I-Cube, as detailed below. The Directors considered that the terms and conditions are fair and reasonable and are in the interest of the Group and the Shareholders taken as a whole.

Completion:

Completion took place on the same date as the S&P Agreement. After Completion, I-Cube ceased to be a subsidiary of the Company.

B. REASONS FOR, AND BENEFITS, OF THE S&P AGREEMENT

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of internet education services targeting kindergartens and primary students, sales and installation of computer hardware and software, computer training services, development of on-line professional training programs for real estate practitioners and sales of health and personal care products.

Prior to the S&P Agreement, I-Cube was a 60% indirect subsidiary of the Company. It was incorporated on 28th July 2004 and began operations in October 2004. It was principally engaged in the provision of internet education services and design and media production, and provision of internet education games in Hong Kong.

The audited net deficit of I-Cube as at 31st December 2005 was approximately HK\$691,234, and the audited loss for the period from its date of incorporation up to 31st December 2005 was approximately HK\$691,254. Based on the management accounts of I-Cube for the six months ended 30th June 2006, the unaudited net deficit of I-Cube as at 30th June 2006 was approximately HK\$708,392, and the unaudited loss for the six months ended 30th June 2006 was approximately HK\$17,159.

The Disposal was part of the continuing efforts made by the Group to optimize and improve its management of resources. Since its commencement of operations in October 2004, I-Cube had not achieved operating profit. The Directors believed that the time period required by I-Cube to achieve profitability still remained uncertain and the Disposal allowed the Group to halt further investment in I-Cube and crystallised the losses to the Group arising from its operations. The Disposal also enabled the Group to recoup its investment in I-Cube mainly by way of the Loan, which was in itself an unsecured receivable and subject to further impairment if I-Cube were left to operate at continuing financial loss in the future.

The net carrying value of the Group's investment in I-Cube as at the date of the S&P Agreement was a deficit of approximately HK\$203,000, being the sum of the net deficit of I-Cube shared by the Group of approximately HK\$467,000 and the Loan being written off. The Group expects to record a gain of approximately HK\$319,000 as a result of the Disposal, which represents the difference between the net proceeds received and the net carrying value of I-Cube as at date of the S&P Agreement. The net proceeds in the amount of approximately HK\$116,000 (after deduction of related stamp duty, costs and expenses) are intended to be used as general working capital.

The Directors (including the independent non-executive Directors) considered the terms of the Disposal, including the consideration, to be fair and reasonable on normal commercial terms, and in the interests of the Shareholders as a whole.

C. GENERAL

The S&P Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. Further, the Purchaser was a connected person of the Company as he was a substantial shareholder and a director of I-Cube, a non-wholly owned subsidiary of the Company prior to the S&P Agreement. The S&P Agreement therefore also constitutes a connected transaction for the Company under the GEM Listing Rules. As the relevant percentage ratio (other than the profit ratio) is more than 2.5% but less than 25% and the total consideration of S&P Agreement is less than HK\$10 million, it is exempt from the independent shareholders approval requirements under the GEM Listing Rules, but subject to the reporting and announcement requirements of the GEM Listing Rules.

A circular containing, among other things, further particulars of the S&P Agreement will be despatched to the Shareholders as soon as possible in accordance with the requirements of the GEM Listing Rules.

D. DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requests:

“Board”	the board of Directors
“Company”	EVI Education Asia Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the S&P Agreement

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Loan under the S&P Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“I-Cube”	I-Cube Education Limited, a company incorporated in Hong Kong with limited liability and was held as 60% by the Vendor and 40% by the Purchaser prior to the S&P Agreement
“Loan”	the loan in the sum of HK\$264,155 due from I-Cube to the Vendor as at Completion, which was interest free, unsecured and without fixed repayment date
“Purchaser”	an individual who held 40% of the issued share capital of I-Cube prior to the S&P Agreement
“S&P Agreement”	the sale and purchase agreement dated 11th October, 2006 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares and assignment of the Loan
“Sale Shares”	12 shares of HK\$1.00 each in the issued share capital of I-Cube, representing 60% of the entire issued share capital of I-Cube
“Shareholder(s)”	holder(s) of the shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	EVI MP Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
EVI Education Asia Limited
Chu Tak Long
Executive Director and Managing Director

Hong Kong, 13th October 2006

As at the date of this announcement, the Board comprises seven Directors, of which (i) three are executive Directors, namely Mr. Chu Tak Long, Mr. Pong Wai San, Wilson and Mr. Lau Wai Shu; (ii) one is non-executive Director, being Mr. Tsang Link Carl, Brian; and (iii) three are independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. Sha Pau, Eric and Mr. Ying Wing Cheung.

The directors of the Company collectively and individually accept full responsibility for this announcement which is given in compliance with the requirements (Rules Governing the Listing of Securities on the Growth Enterprise Market) of The Stock Exchange of Hong Kong Limited. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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