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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 TRANSACTION:

FORMATION OF A CHINESE-FOREIGN COOPERATIVE JOINT VENTURE IN THE PRC

On 21st April, 2004, EVI Services, a wholly owned subsidiary of the Company, entered into the JV Agreement with the JV Partner in relation to the formation of the JV Company.

Each of the JV Partner and its ultimate beneficial owner is independent of and not connected with any of the directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates.

Pursuant to the JV Agreement, the JV Company will be principally engaged in the research and development, produce and sales of technical software or services; including provision of supportive or after-sales solutions.

The total investment and registered capital of the JV Company will be HK\$10,000,000 and HK\$5,000,000 respectively. The entire registered capital of the JV Company will be contributed by EVI Services. Pursuant to the JV Agreement, the JV Partner will assign right of use of its education software for Mathematics, Physics and Chemistry for junior secondary grades to the JV Company. The JV Partner will be responsible for the research and development of the software solutions of the JV Company and will also offer its sales network for marketing the software solutions of the JV Company.

Pursuant to the JV Agreement, EVI Services and the JV Partner have agreed that the difference between the total investment and the registered capital of the JV Company, being HK\$5,000,000, will be financed by loan borrowings or internally generated resources of the JV Company.

The formation of the JV Company constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules.

A circular containing details of the JV Company and information regarding the Group will be despatched to the shareholders of the Company within 21 days from the date of this announcement.

* For identification purposes only

THE JV AGREEMENT

Date : 21st April, 2004

Parties : (i) EVI Services; and
(ii) the JV Partner.

The JV Partner, company established in the PRC with limited liability and is owned as 75% and 25% by 陳竹 (Chen Zhu) and 陳茜 (Chen Qiang) respectively and its ultimate beneficial owners are independent of and not connected with any of the directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates.

Scope of business of the JV Company

Pursuant to the JV Agreement, the JV Company will be principally engaged in the research and development, produce and sales of technical software or services; including provision of supportive or after-sales solutions.

Register capital and total investment of the JV Company

Pursuant to the JV Agreement, the registered capital of the JV Company will be HK\$5,000,000, which will be contributed in cash entirely by EVI Services within two years from the date on which the JV Agreement is approved by the relevant government authorities in the PRC. It is expected to receive such approval within 45 days from the agreement signing date, 21st April, 2004. The JV Partner will assign right of use of its education software for Mathematics, Physics and Chemistry for junior secondary grades to the JV Company. The JV Partner will be responsible for the research and development of the software solutions of the JV Company and will also offer its sales network for marketing the software solutions of the JV Company.

Pursuant to the JV Agreement, the total investment of the JV Company will be HK\$10,000,000. The difference between the total investment and the registered capital of the JV Company, being HK\$5,000,000, will be financed by loan borrowings or internally generated resources of the JV Company.

Board of directors of the JV Company

The board of directors of the JV Company shall comprise five directors, of whom two shall be appointed by the JV Partner and three shall be appointed by EVI Services. The chairman of the board of directors of the JV Company shall be appointed by the JV Partner.

Term of the JV Company

The JV Company shall have a tenure of 30 years commencing from the date of issue of the business licence of the JV Company. The business licence registration procedure is expected to be completed within 30 days from the date after the approval of JV agreement by the relevant government authorities in the PRC.

Profit sharing in the JV Company

All after-tax profits will, after deducting any portion to be retained by the JV Company as determined by the board of directors of the JV Company in accordance with the applicable laws and regulations of the PRC, be distributed as to 51% to EVI Services and as to 49% to the JV Partner.

Dissolution

Upon the expiry of the term or early determination of the term of the JV Company, the surplus assets of the JV Company after repaying all debts and liabilities of the JV Company, shall first be applied to repay EVI Services' investment in the JV Company and the remaining surplus assets shall be distributed among EVI Services and the JV Partner in proportion to their respective profit sharing ratio in the JV Company.

SOURCE OF FUNDING

EVI Services' contribution to the registered capital of the JV Company will be HK\$5,000,000 and such contribution will be financed by the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

The Group is principally engaged in the provision of electronic education services, sales and installation of computer hardware and software and the provision of computer training services since June, 1999.

Being an electronic education services provider, the Group offers Chinese and English language-based education services targeting kindergartens, primary and secondary schools, teachers, parents and pre-school children. The Group's objective is to establish an education community consisting of kindergartens, primary and secondary schools, teachers, parents and pre-school children through the use of on-line and off-line services.

The JV Partner is a company established in the PRC and is principally engaged in computer software development, sales of system integration solutions, computers, spare parts, education (includes products for school consumption such as laboratory apparatus, white boards and stationery items etc.) and electronic apparatus, sport goods, provision of computer technical consulting services.

With the rapid growth of computer application in the PRC, the Directors believe that information technology has emerged as a new medium of delivering educational and learning contents in the PRC. Furthermore, given the "one-child" policy in the PRC, the parents in the PRC are more willing to invest in child education, products and services. As such, the Directors consider that the potential for the education market in the PRC to be tremendous.

In order to capitalise the expertise of the JV Partner in the education market in the PRC and to enable the Group to participate in the rapid growing education market in the PRC, the JV Company will be established to engage in the research and development, produce and sales of technical software or services both on-line and off-line for the PRC education market; including provision of supportive or after-sales solutions.

The Directors believe that with the expertise of the JV Partner in the education market and its massive school clientele and sales representatives network, the establishment of the JV Company offers the Group an excellent opportunity to develop and build up its education businesses within PRC starting from Guangdong province shortly. Given that the fast growing tracks of PRC education market, the Directors consider that establishment of the JV Company will broaden the Group's income base and enhance the net asset value of the Group. The JV Company will treat as a subsidiary of the Company.

GENERAL INFORMATION

The Directors consider the terms of the JV Agreement are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

The establishment of the JV Company constitutes a discloseable transaction on the part of the Company under the GEM Listing Rules.

A circular containing details of the establishment of the JV Company and information regarding the Group will be despatched to the shareholders of the Company within 21 days from the date of the publication of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Company”	EVI Education Asia Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“Directors”	directors of the Company
“EVI Services”	EVI Services Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company, a joint venture partner of the JV Company
“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 PRC
“JV Agreement”	the joint venture agreement dated 21st April, 2004 and entered into between EVI Services and the JV Partner in relation to the establishment of the JV Company
“JV Company”	EVI-MDV Technical Development Limited (廣州邁達威－意維佳科技發展有限公司), a cooperative joint venture established in the PRC. The business licence registration procedure is expected to be completed within 30 days from the date of approval of JV agreement; which is expected to be within 45 days from the JV agreement signing date.

“JV Partner”	Guangdong MDV Technical Development Company Limited* (廣東邁達威科技發展有限公司), a company established in the PRC with limited liability, which is an Independent Third Party
“PRC”	the People’s Republic of China, and for the purposes for this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the Board of
EVI Education Asia Limited
Pong Wai San, Wilson
Executive Director

The Board comprises of:

Mr. Pong Wai San, Wilson (*Executive director*)
Mr. Cheung Shi Kwan, Wings (*Executive director*)
Madam Pong Lo Shuk Yin, Dorothy (*Executive director*)
Mr. Lau Wai Shu (*Executive director*)
Mr. Hung Tak Chow, Charles (*Independent non-executive director*)
Mr. Hung Fan Wai, Wilfred (*Independent non-executive director*)
Mr. Lai Hin Wing, Henry (*Independent non-executive director*)

Hong Kong, 21st April, 2004

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least seven days from the day of its posting.

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