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## MIDLAND HOLDINGS LIMITED

美聯集團有限公司\*

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1200)

DISCLOSEABLE TRANSACTION

Financial Adviser to Midland Holdings Limited



## EVI Education Asia Limited

EVI教育亞洲有限公司\*

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8090)

CONNECTED TRANSACTION  
AND VERY SUBSTANTIAL ACQUISITION  
in respect of the acquisition of the Sale Shares

CONTINUING CONNECTED TRANSACTIONS

PROPOSED CHANGE OF NAME

AND

RESUMPTION OF TRADING OF SHARES

Joint Financial Advisers to EVI Education Asia Limited



### JOINT ANNOUNCEMENT

#### Sale and Purchase Agreement

The Midland Board and the EVI Board wish to announce that on 26 March 2007, the Vendor has entered into the Sale and Purchase Agreement with EVI pursuant to which the Vendor has conditionally agreed to sell the Sale Shares to EVI at a total consideration of HK\$640 million. The Consideration will be satisfied upon Completion as to HK\$540 million by EVI issuing the Convertible Note to the Noteholder and as to HK\$100 million by cash.

Completion is conditional upon, amongst other things, (a) the passing of the necessary resolution(s) by the EVI Independent Shareholders in the EGM; and (b) the GEM Listing Committee granting the listing of, and permission to deal with, the Conversion Shares without any conditions or restrictions (or subject to such conditions or restrictions as may be agreed by the Vendor).

If the conditions are not fulfilled or waived (as the case may be) and remain unfulfilled by 5:00 p.m. (Hong Kong time) on 30 June 2007 (or such later date as may be agreed by the parties in writing), the Sale and Purchase Agreement will be terminated and none of the parties to it shall have any claim against the other provided that rights and liabilities of any of the parties which have accrued prior to termination shall subsist. Completion will take place on the third Business Day after the date on which the last of the conditions above is fulfilled (or waived).

Ketanfall is currently an indirect wholly-owned subsidiary of Midland. Upon Completion, Ketanfall will become a wholly-owned subsidiary of EVI and a principal operating subsidiary of EVI. Since Midland is currently holder of approximately 51.81% of the issued share capital of EVI, Ketanfall will be an 51.81% indirect subsidiary of Midland upon Completion. Ketanfall is the holding company of a group of companies principally engaged in the business of industrial and commercial (office and shops) property broking in Hong Kong.

#### Convertible Note

The Convertible Note in the principal amount of HK\$540 million to be issued by EVI to the Noteholder upon Completion carries interest at a rate of one (1) % per annum, payable semi-annually in arrears. It will mature on the fifth anniversary of the date of issue of the Convertible Note unless converted into EVI Shares. The conversion price is HK\$0.1 per Conversion Share (subject to adjustment).

No application will be made for the listing of the Convertible Note. Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

As at the date of this announcement, Midland is interested in approximately 51.81% of the issued share capital of EVI. Immediately after Completion and assume full conversion of the Convertible Note at the conversion price of HK\$0.1 each by the Noteholder, the Company will issue an aggregate of 5,400,000,000 Conversion Shares, representing approximately 65.06% of the existing, and approximately 39.42% of the enlarged issued share capital of EVI.

Under the terms of the Convertible Note, the exercise of the conversion rights under the Convertible Note is subject to the compliance with the public float requirements under the GEM Listing Rules.

#### Non-exempt continuing Connected Transactions for EVI following Completion

Following Completion, EVI Group will continue to enter into certain continuing connected transactions with Midland Group pursuant to the Cross Referral Services Agreement.

The transactions contemplated under the Cross Referral Services Agreement will constitute non-exempt continuing connected transactions which must comply in full with the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules as the consideration ratio in respect of the proposed annual cap amounts of the Cross Referral Services Agreement is expected to be more than 2.5%. The term of the Cross Referral Services Agreement will commence on Completion and expire on 31 December 2009.

The EVI Board is of the opinion that the annual caps in respect of the Cross Referral Services Agreement are fair and reasonable so far as the EVI Independent Shareholders are concerned.

The EVI Board considers that the terms of the continuing connected transactions contemplated under the Cross Referral Services Agreement are based on normal commercial terms, are fair and reasonable to and are in the interests of EVI and the EVI Shareholders as a whole.

#### Implications under the GEM Listing Rules and the Main Board Listing Rules

Midland is the EVI Controlling Shareholder holding approximately 51.81% of the issued EVI Shares and hence, a connected person of EVI. The Sale and Purchase Agreement constitutes a connected transaction for EVI under the GEM Listing Rules. As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules exceed 100%, the transactions contemplated under the Sale and Purchase Agreement constitute a connected transaction and a very substantial acquisition for EVI, which will therefore be subject to the reporting, announcement and EVI Independent Shareholders' approval requirements under the GEM Listing Rules. Midland and its associates will abstain from voting on the relevant resolutions proposed at the EGM.

Midland is a connected person of EVI and hence, the Cross Referral Services Agreement will become a continuing connected transaction for EVI upon the Completion. As the consideration ratio in respect of the proposed annual cap amounts of the Cross Referral Services Agreement is expected to be more than 2.5%, the Cross Referral Services Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

As some of the relevant percentage ratios under Rule 14.07 of the Main Board Listing Rules exceeds 5% but below 25%, the transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction for Midland and is subject to reporting and announcement, and disclosure requirements under Rule 14.06(2) of the Main Board Listing Rules. A circular containing, among other things, details of the Sale and Purchase Agreement will be despatched to the Midland Shareholders as soon as practicable.

#### Proposed change of name of EVI

The EVI Directors propose that the name of EVI be changed from "EVI Education Asia Limited (Chinese translation being EVI教育亞洲有限公司, for identification purposes only)" to "Midland IC&I Limited (Chinese translation being 美聯工商舖有限公司, for identification purposes only)".

The proposed change of name of EVI is subject to the passing of a special resolution at the EGM by the EVI Shareholders and the Registrar of Companies in the Cayman Islands granting approval for such proposed change of name.

#### EGM

An EGM will be convened at which EVI Independent Shareholders will be asked to consider and, where appropriate to approve (a) the Sale and Purchase Agreement; (b) the issue of the Convertible Note; (c) the allotment and issue of the Conversion Shares; and (d) the Cross Referral Services Agreement and the annual caps. At the EGM, EVI Shareholders will be asked to consider and, where appropriate to approve the proposed change of name of EVI.

An independent board committee of EVI comprising the independent non-executive directors of EVI has been formed to advise the EVI Independent Shareholders. The independent board committee of EVI has appointed AMS Corporate Finance Limited as the independent financial adviser to advise the independent board committee of EVI and the EVI Independent Shareholders in respect of the terms of the Sale and Purchase Agreement (including the issue of the Convertible Note), the Cross Referral Services Agreement and the annual caps.

A circular of EVI, containing, among other things, further particulars of the transactions described herein, the recommendations of the independent board committee of EVI, the letter of advice from the independent financial adviser to the independent board committee of EVI and the EVI Independent Shareholders, certain financial information as required under the GEM Listing Rules and the notice of the EGM will be sent to the EVI Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

Midland and its associates will abstain from voting on the resolutions proposed at the EGM regarding (a) the Sale and Purchase Agreement; (b) the issue of the Convertible Note; (c) the allotment and issue of the Conversion Shares; and (d) the Cross Referral Services Agreement and the annual caps.

#### Suspension and resumption of trading

At the request of EVI, trading in the EVI Shares has been suspended with effect from 9:30 a.m. on 21 March 2007 pending the release of this joint announcement. Applications have been made by EVI for the resumption of trading of its shares with effect from 9:30 a.m. on 2 April 2007.

Midland Shareholders, prospective investors of Midland Shares, EVI Shareholders and prospective investors of EVI Shares are advised to exercise extreme caution in dealings with the Midland Shares and EVI Shares.

\* For identification purpose only

**OVERVIEW OF THE TRANSACTIONS SET FORTH IN THIS ANNOUNCEMENT**

The Midland Board and the EVI Board wish to announce that on 26 March 2007, the Vendor has entered into the Sale and Purchase Agreement with EVI pursuant to which the Vendor has conditionally agreed to sell the Sale Shares to EVI at a total consideration of HK\$640 million. The Consideration will be satisfied as to HK\$540 million by EVI issuing the Convertible Note to the Noteholder and as to HK\$100 million by cash upon Completion.

The Sale and Purchase Agreement provides an opportunity for EVI to engage in the business of industrial and commercial (office and shops) property broking in Hong Kong. Ketanfall is currently an indirect wholly-owned subsidiary of Midland. Following Completion, Ketanfall will become a wholly-owned subsidiary and a principal operating subsidiary of EVI. Since Midland is currently holder of approximately 51.81% of the issued share capital of EVI, Ketanfall will be an 51.81% indirect subsidiary of Midland upon Completion.

Immediately following Completion, Midland will continue to be the EVI Controlling Shareholder.

**THE SALE AND PURCHASE AGREEMENT**

**Date:** 26 March 2007

**Parties:** EVI (as purchaser); and  
Midland Realty (Strategic) Limited (as vendor)

**Particulars of the Sale Shares**

Fourteen (14) shares of US\$1 each in the issued share capital of Ketanfall, which represents the entire issued share capital of Ketanfall.

**Consideration**

The consideration for the sale and purchase of the Sale Shares shall be HK\$640 million and will be satisfied as to HK\$540 million by the issue of the Convertible Note to the Noteholder and as to HK\$100 million by cash.

The Consideration was arrived at after arm's length negotiations between the Vendor and EVI on normal commercial terms with reference to, *inter alia*, (a) the unaudited combined management accounts of Ketanfall Group for the three years ended 31 December 2006; (b) the price-to-earning ratio of approximately 15.35 times based on the unaudited combined net profits of Ketanfall Group for the year ended 31 December 2006 for determining the consideration, this price-to-earning ratio is determined after arm's length negotiations by reference to the market price-to-earnings ratio of Midland and the operation and scale of this business segment in the overall operation of Midland Group; and (c) the future prospects of industrial and commercial (office and shops) property broking business in Hong Kong. As far as the EVI Board is concerned, Midland is the only company listed in Hong Kong which is engaged in industrial and commercial (office and shops) property broking business in Hong Kong. In addition, the EVI Board is not aware of any publicly available financial information of unlisted company which is engaged in similar business with Ketanfall Group in Hong Kong. In addition, given the unique nature of Hong Kong property market, the EVI Board does not consider the market price-to-earning ratio of other listed companies in Hong Kong which are engaged in industrial and commercial (office and shops) property broking business outside Hong Kong meaningful for comparison purpose. Taking into account the financial performance of Ketanfall Group for the past few years and the reasons and benefits as stated in the paragraph below headed "Reasons for and benefits of entering into the Sale and Purchase Agreement", the EVI Board considers that the consideration is fair and reasonable to and in the interests of EVI and the EVI Shareholders as a whole.

Taking into account (a) the unaudited combined management accounts of Ketanfall Group for the three years ended 31 December 2006; (b) the price-to-earning ratio of approximately 15.35 times based on the unaudited combined net profits of Ketanfall Group for the year ended 31 December 2006 for determining the consideration, which is determined after arm's length negotiation by reference to the market price-to-earnings ratio of Midland and the operation and scale of this business segment in the overall operation of Midland Group; (c) the future prospects of industrial and commercial (office and shops) property broking business in Hong Kong; and (d) the reasons for and benefits of the entering into the Sale and Purchase Agreement as discussed below, the Midland Board considers that the consideration is fair and reasonable to and in the interests of Midland and the Midland Shareholders as a whole.

**Conditions**

Completion is conditional upon:-

- the passing of the necessary resolution(s) by the EVI Independent Shareholders in the EGM;
- the GEM Listing Committee granting the listing of, and permission to deal in, the Conversion Shares without any conditions or restrictions (or subject to such conditions or restrictions as may be agreed by the Vendor);
- the EVI Shares remaining listed and traded on GEM at all times prior to and on Completion, excluding any suspension not exceeding ten (10) consecutive business days (as defined in the GEM Listing Rules) or any temporary suspension in connection with the clearance by the Stock Exchange of this announcement or transactions contemplated under the Sale and Purchase Agreement;
- no indication being received on or before the date of Completion from the Stock Exchange to the effect that the listing of the EVI Shares may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of Completion or in connection with the terms of the Sale and Purchase Agreement or for any reason;
- EVI being satisfied with its due diligence review of the legal and financial affairs of the Ketanfall Group in all material respects;
- the Vendor's warranties remaining true and accurate, and not misleading, in all material respects between the date of the Sale and Purchase Agreement and up to the date of Completion; and
- EVI's warranties remaining true and accurate, and not misleading, in all material respects between the date of the Sale and Purchase Agreement and up to the date of Completion.

EVI may waive the conditions (e) and (f), and the Vendor may waive the conditions (c) and (g) by giving written notice to the other party.

If the conditions are not fulfilled or waived (as the case may be) and remain unfulfilled by 5:00 p.m. (Hong Kong time) on 30 June 2007 (or such later date as may be agreed by the parties in writing), the Sale and Purchase Agreement will be terminated and none of the parties to it shall have any claim against the other provided that rights and liabilities of any of the parties which have accrued prior to termination shall subsist.

**Completion**

Completion will take place on the third Business Day after the date on which the last of the conditions above is fulfilled (or waived).

**CONVERTIBLE NOTE**

The Convertible Note to be issued by EVI to the Noteholder upon Completion, carry the following principal terms:-

**Principal amount**

An aggregate of HK\$540 million.

**Interest**

The Convertible Note will bear interest at a rate of one (1) % per annum on the principal amount of the Convertible Note outstanding, payable semi-annually in arrears.

**Maturity**

The fifth anniversary of the date of issue of the Convertible Note.

**Conversion price**

The conversion price is HK\$0.1 per Conversion Share, subject to adjustment. The initial conversion price of HK\$0.1 per Conversion Share represents:-

- a discount of approximately 53.27% to the closing price of HK\$0.214 per EVI Share as quoted on GEM on the Last Trading Day;
- a discount of approximately 31.51% to the average closing price of approximately HK\$0.146 per EVI Share for the last five trading days up to and including the Last Trading Day;
- a discount of approximately 26.47% to the average closing price of approximately HK\$0.136 per Share for the last 10 trading days up to and including the Last Trading Day; and
- a premium of approximately 566.67% to the net asset value per EVI Share of HK\$0.015 as at 31 December 2006 based on the latest published audited financial results of EVI Group and the current number of 8,300,000,000 issued EVI Shares in aggregate as at the date of this announcement.

The conversion price of HK\$0.1 per Conversion Share is determined after arm's length negotiation with reference to the average closing prices of EVI Shares as quoted on GEM prior to the entering of the Sale and Purchase Agreement, the potential dilution effect on the shareholding structure of EVI and the terms of the Convertible Note. The conversion price of the Convertible Note is subject to adjustment provisions. The adjustment events will arise as a result of certain change in the share capital of EVI including, *inter alia*, consolidation or sub-division of EVI Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in EVI.

**Conversion Rights**

The conversion rights under the Convertible Note shall not be exercised for a period of six (6) months from the date of issue of the Convertible Note (unless with the prior written consent from EVI) and the exercise of which shall be subject to the GEM Listing Rules and Main Board Listing Rules in any event. Further, the Noteholder shall not exercise conversion rights attached to the Convertible Note to such an extent that results or will result in EVI in breach of any provision of the GEM Listing Rules, including the public float requirements under the GEM Listing Rules. Subject to these provisions, the conversion rights may be exercised from the date of issue of the Convertible Note up to the fifth Business Day before the maturity date of the Convertible Note.

**Conversion**

The Noteholder may convert the whole or part of the principal amount of the relevant Convertible Note (in an integral multiple of HK\$10,000,000 or where the outstanding principal amount of the Convertible Note is less than HK\$10,000,000, the entirety at any one time of conversion) into new Conversion Shares unless the principal amount of the outstanding Convertible Note are less than HK\$10,000,000 in which case the whole (but not part only) of such outstanding principal amount of the Convertible Note shall be converted.

If there shall be any outstanding principal amount of the Convertible Note at its maturity date, the conversion rights in respect of the whole of the then outstanding principal amount of the Convertible Note shall be deemed to be automatically and duly exercised.

**Ranking**

The Conversion Shares will rank *pari passu* in all respects with all existing EVI Shares in issue at the date of the notice of conversion.

**Status of the Convertible Note**

The Convertible Note constitute general, unconditional, unsecured and unsubordinated obligations of EVI and rank, and shall rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of EVI except for obligations accorded preference by mandatory provisions of applicable laws.

**Transferability**

The Convertible Note may be assigned or transferred to any party but subject to, *inter alia*, the prior approval of the Stock Exchange, if so required.

**Voting Rights**

The Convertible Note does not confer any voting rights at any meetings of EVI.

**Listing**

No application will be made for the listing of the Convertible Note. Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**NON-COMPETITION UNDERTAKING BY MIDLAND**

On Completion, Midland and EVI will enter into a deed of non-competition undertaking. Under the Non-Competition Deed, Midland Group shall not engage, interested or involved (whether alone or in conjunction with other third parties) in any business that is in direct or indirect competition with the Relevant Business carried out by those members of EVI Group (through Ketanfall Group) after Completion in Hong Kong. "Relevant Business" means the business of doing estate agency work in respect of industrial and commercial properties (including shops) in Hong Kong, as currently carried out by Ketanfall Group.

The term of the Non-Competition Deed will commence upon Completion and shall automatically end on the earliest of (a) the date when Midland, together with its associates (other than EVI Group), ceases to be a controlling shareholder of EVI; (b) the date when EVI ceases to be listed on the Stock Exchange; or (c) the date falling the fifteenth anniversary of the Non-Competition Deed.

The restrictions under the Non-Competition Deed shall not, however, forbid:

- any business opportunities (and agreements entered in relation to such opportunity) that is referred by Midland Group to EVI Group under the Cross Referral Services Agreement, provided that the obligations of Midland Group under such agreement are duly fulfilled; or
- shareholding interest held by Midland Group in any company engaged in such competitive business mentioned above, provided that the amount of such shareholding (i) does not exceed 5% of the issued share capital of such company (in case the company is listed on a stock exchange) or (ii) is less than 20% of the issued share capital of such company (in case such company is not listed on a stock exchange); or
- any shareholding held, directly or indirectly, by Midland in EVI Group itself; or
- (in so far as (a) above does not apply) any co-operation arrangements entered by any member of Midland Group with any third parties on arm's length basis in respect of those business opportunities (i) not falling within the Relevant Business of EVI Group in Hong Kong and/or (ii), in view of the specific requirements of the relevant clients, being on terms not acceptable by EVI Group, provided Midland Group has given sufficient information to relevant members of EVI Group for reaching full and informed assessment before making its decision.

**CONTINUING CONNECTED TRANSACTIONS FOR EVI FOLLOWING COMPLETION**

Following Completion, EVI will enter into certain continuing connected transactions with Midland and members of Midland Group pursuant to the Cross Referral Services Agreement and the Trademark Licence Agreement.

**(a) Exempted continuing connected transaction**

The transactions to be contemplated under the Trademark Licence Agreement will constitute continuing connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules by reason that the consideration for the trademark licence of HK\$1 and falls within the *de minimis* threshold under Rule 20.33(3) of the GEM Listing Rules.

Pursuant to the Trademark Licence Agreement, Midland, Midland Realty (Strategic) Limited and Elitesmart Holdings Limited as licensors will grant to EVI Group, on terms set out in the Trademark Licence Agreement, a non-exclusive licence to use the relevant trademarks in Hong Kong, Macau Special Administrative Region of the PRC and the PRC where EVI Group carries on business during the terms of the Trademark Licence Agreement.

The captioned trademarks and service marks include nine trademarks registered in Hong Kong, Macau Special Administrative Region of the PRC and the PRC held by Midland, Midland Realty (Strategic) Limited and Elitesmart Holdings Limited, respectively. Both Midland Realty (Strategic) Limited and Elitesmart Holdings Limited are wholly-owned subsidiaries of Midland and are therefore connected persons of EVI.

The licence granted to EVI Group will take effect from the date of the Trademark Licence Agreement and shall automatically continue until the earliest date when any of the following events occur:

- Midland ceases to be EVI's Controlling Shareholder;
- EVI ceases to be listed on the Stock Exchange; and
- members of EVI Group using the relevant licence ceases to be a member of EVI Group, unless such member of EVI Group agrees mutually with the relevant licensor to extend such licence.

**(b) Non-exempt continuing connected transactions**

As part of their respective usual and normal course of business currently conducted, the relevant members of Midland Group may refer estate agency business in respect of industrial and commercial (office and shops) properties to Ketanfall Group from time to time; and Ketanfall Group may refer estate agency business in respect of residential properties to the relevant members of Midland Group on the one hand from time to time. The referral transactions are conducted on a case-by-case basis and are on normal commercial terms. Such referral transactions will continue after Completion, and EVI Group and Midland Group will enter into the Cross Referral Services Agreement to expressly govern such transactions in compliance with the GEM Listing Rules. The transactions to be contemplated under the Cross Referral Services Agreement will constitute continuing connected transactions for EVI which must comply in full with the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules as the consideration ratio in respect of the proposed annual cap amounts of the Cross Referral Services Agreement is more than 2.5%.

The Cross Referral Services Agreement to be entered into between EVI and Midland upon Completion provides to the effect that any business opportunity falling within EVI Group's estate agency business in respect of industrial and commercial (office and shops) properties in Hong Kong, Macau Special Administrative Region of the PRC and the PRC may be referred by Midland Group to the relevant members of EVI Group on a case-by-case basis; and any business opportunity falling within Midland Group's estate agency business in respect of residential properties in Hong Kong, Macau Special Administrative Region of the PRC and the PRC may be referred by EVI Group to the relevant member of Midland Group also on case-by-case basis. There is no commitment on any member of Midland Group or EVI Group to refer to the other such transactions of any minimum or maximum number and/or amount. Where concluded between the relevant parties, the terms and conditions for the provision of such cross referral services shall be reduced into individual written agreements.

In any event, under the Cross Referral Services Agreement, the allocation of commission income actually received from the customers and other terms thereof shall be either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the relevant members of Midland Group or EVI Group (as the case may be) than terms available to or from (as appropriate) independent third parties.

According to the record of Midland Group, during each of the three years ended 31 December 2004, 2005 and 2006, the internal referral fees paid by its industrial and commercial property brokerage segment to other members of Midland Group amounted to approximately HK\$30.01 million, HK\$42.28 million and HK\$23.42 million, respectively. During the same period, the internal referral fees received by the industrial and commercial property brokerage segment from other members of Midland Group amounted to approximately HK\$10.05 million, HK\$11.65 million and HK\$5.90 million, respectively.

It is proposed that the annual caps for the referral fees payable by EVI Group to Midland Group under the Cross Referral Services Agreement for the three years ending 31 December 2007, 2008 and 2009 will be HK\$50 million, HK\$50 million and HK\$50 million, respectively. The EVI Directors proposed that the annual cap for the referral fees to be received by EVI Group from Midland Group under the Cross Referral Services Agreement for the three years ending 31 December 2007, 2008 and 2009 will be HK\$14 million, HK\$14 million and HK\$14 million, respectively.

The EVI Directors believe that 2004 to 2006 have been steady years for the industrial and commercial property brokerage business and expect the market momentum to continue or even exceed previous years. The split of the commission income between members of Midland Group and EVI Group as a result of cross referral services is generally dependent on the property market sentiment, efforts and work done of relevant agents and members of EVI Group and Midland Group. Therefore, the annual cap is based on the maximum annual fee level internally recorded by Midland Group during 2004 to 2006 and a buffer to allow more flexibility.

The term of the Cross Referral Services Agreement will expire on 31 December 2009.

The EVI Board is of the opinion that the annual caps in respect of the Cross Referral Services Agreement are fair and reasonable so far as the EVI Independent Shareholders are concerned.

The EVI Board considers that the terms of the continuing connected transactions contemplated under the Cross Referral Services Agreement are based on normal commercial terms, are fair and reasonable to and are in the interests of EVI and the EVI Shareholders as a whole.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT**

As mentioned in the 2005 annual report of EVI, the EVI Directors have been looking for property management or investment opportunities in both the residential and commercial sectors. In view of the growth trend of local property market, EVI has been preparing to, by leveraging on the expertise and experience of Midland, commence property agency business. The EVI Directors consider that the proposed transactions are consistent with this business strategy of the EVI Group and will represent a major milestone for EVI to venture into the industrial and commercial (office and shops) property broking business. As set out in the announcement issued by EVI on 19 January 2007, EVI was negotiating with a connected person for a possible acquisition of certain business, which if materialized, would constitute a notifiable transaction for EVI.

The EVI Directors believe that the acquisition of Ketanfall would allow EVI to move into a solid business area with good prospects, which will generate recurrent cashflow and also contribute positively to EVI's operating results in the future. In view of the continued economic growth in Hong Kong, it is generally perceived that the industrial and commercial (office and shops) property broking business will continue to maintain its momentum. The EVI Directors will also look into further development opportunities of this business in the high-end property investment market in Hong Kong in order to capture the industry trend.

The EVI Directors have no immediate intention to dispose of EVI existing business, including the provision of internet education services, sale and installation of computer hardware and software, website development and commercial projects, provision of computer training service and sales of health and personal care products. The EVI Directors, after Completion and will follow Completion, conduct a more detailed review of its operation with a view of developing a corporate strategy to enhance its existing business and asset base and broaden its income stream by various measures, which may include further investing in and expansion of existing business or divesting of loss-making operations should appropriate opportunities arise.

In view of the above, the EVI Directors (including the independent non-executive EVI Directors whose views are further subject to the advice of an independent financial adviser) consider the terms of the Sale and Purchase Agreement are fair and reasonable to and in the interests of EVI and the EVI Shareholders as a whole.

In considering the disposal of Ketanfall to EVI, the Midland Directors have considered the following factors and reasons:

- the disposal would allow Ketanfall to build its own identity under a separate listed vehicle (i.e. EVI) to engage in the industrial and commercial (office and shops) property broking business sector, with a separately dedicated management team wholly focused on and be responsible for its performance, and also to pursue its own long-term financing as a separate listed vehicle;
- the enhancement of EVI's corporate profile, reputation and brand, thereby increasing its ability to attract potential investors;
- the stock performance of EVI can serve as a separate benchmark for its shareholders and the investing public to evaluate the performance of the management which could in turn serve as an incentive for the management of Ketanfall/EVI to seek improvement and raise efficiency of its industrial and commercial (office and shops) property broking business on an ongoing basis;
- the greater flexibility for the management of EVI to enhance staff loyalty as well as attract new personnel through granting of share options as incentives or rewards which will be primarily based on the performance of its industrial and commercial (office and shops) property broking business; and
- the disposal would allow Midland to delineate its residential broking business from the industrial and commercial (office and shops) property broking business and enable the management of Midland to concentrate to develop the potentials of its remaining core business.

In view of the above, the Midland Directors (including the independent non-executive Midland Directors) consider the terms of the Sale and Purchase Agreement are fair and reasonable to and in the interests of Midland and the Midland Shareholders as a whole.

The Midland Board intends to use the proceeds from the disposal of Ketanfall Group as working capital.

**IMPLICATIONS FOR EVI UNDER THE GEM LISTING RULES**

Midland is the EVI Controlling Shareholder holding approximately 51.81% of the issued EVI Shares and hence, a connected person of EVI. The Sale and Purchase Agreement constitutes a connected transaction for EVI under the GEM Listing Rules. As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules exceed 100%, the transactions contemplated under the Sale and Purchase Agreement will constitute a connected transaction and a very substantial acquisition for EVI, which will therefore subject to the reporting, announcement and EVI Independent Shareholders' approval requirements under the GEM Listing Rules. Midland and its associates will abstain from voting on the relevant resolutions proposed at the EGM.

Midland is a connected person of EVI and hence, the Cross Referral Services Agreement will become a continuing connected transaction for EVI upon Completion. As the consideration ratio in respect of the proposed annual cap amounts of the Cross Referral Services Agreement is expected to be more than 2.5%, the Cross Referral Services Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

The consideration payable by EVI to Midland, Midland Realty (Strategic) Limited and Elitesmart Holdings Limited under the Trademark Licence Agreement will be less than HK\$1 million per annum. As such, the continuing connected transactions under the Trademark Licence Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

**IMPLICATIONS FOR MIDLAND UNDER THE MAIN BOARD LISTING RULES**

As some of the relevant percentage ratios under Rule 14.07 of the Main Board Listing Rules exceeds 5% but below 25%, the transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction for Midland and is subject to reporting and announcement and disclosure requirements under Rule 14.06(2) of the Main Board Listing Rules. A circular containing, among other things, details of the Sale and Purchase Agreement will be despatched to the Midland Shareholders as soon as practicable.

**SHAREHOLDING STRUCTURE**

As at the date of this announcement, Midland is interested in approximately 51.81% of the issued share capital of EVI. Upon Completion and assuming there is an immediate full conversion of the Convertible Note at the conversion price of HK\$0.1 by the Noteholder, the Company will issue an aggregate of 5,400,000,000 Conversion Shares, representing approximately 65.06% of the existing, and approximately 39.42% of the enlarged issued share capital of EVI. The Conversion Shares will be allotted and issued pursuant to the passing of the relevant resolution at the EGM and the approval from the GEM Listing Committee.

The following table illustrates the shareholding structure of EVI (i) as at the date of this announcement; (ii) immediately after Completion and assuming full conversion of the Convertible Note into Conversion Shares (assuming no exercise in outstanding share options); and (iii) immediately after Completion and assuming full conversion of the Convertible Note into Conversion Shares and full exercise of outstanding share options of EVI:-

	As at the date of this announcement		Immediately after Completion and upon full conversion of the Convertible Note (assume no exercise of outstanding share options)		Immediately after Completion and upon full conversion of the Convertible Note and full exercise of outstanding share options	
	Shares	%	Shares	%	Shares	%
<b>Midland (Note 1)</b>	4,300,000,000	51.81	4,300,000,000	31.38	4,300,000,000	31.20
<b>Noteholder</b>	-	-	5,400,000,000	39.42	5,400,000,000	39.18
<b>Sub-total</b>	4,300,000,000	51.81	9,700,000,000	70.80	9,700,000,000	70.38
<b>EVI Directors</b>						
Mr. Pong Wai San, Wilson (Note 2)	2,332,910,000	28.10	2,332,910,000	17.03	2,332,910,000	16.93
Mr. Lau Wai Shu	3,000,000	0.04	3,000,000	0.02	3,000,000	0.02
Mr. Tsang Link Carl, Brian (Note 3)	-	-	-	-	83,000,000	0.60
<b>Sub-total</b>	2,335,910,000	28.14	2,335,910,000	17.05	2,418,910,000	17.55
<b>Public shareholders</b>	1,664,090,000	20.05	1,664,090,000	12.15	1,664,090,000	12.07
<b>Total</b>	8,300,000,000	100.00	13,700,000,000	100.00	13,783,000,000	100.00

**Notes:**

- There is no change in the controlling interest of Midland in EVI for the two years immediately preceding the date of this announcement.
- 2,182,300,000 EVI Shares were registered in the name of and beneficially owned by Summerview Enterprises Limited and 150,610,000 EVI Shares were registered in the name of Mr. Pong Wai San, Wilson. The entire issued share capital of Summerview Enterprises Limited was registered in the name of and beneficially owned by Mr. Pong Wai San, Wilson.
- On 16 January 2006, share options were granted under the share option scheme of EVI to Mr. Tsang Link Carl, Brian for subscription of 83,000,000 EVI Shares at the exercise price of HK\$0.06 each.

As at the date of this announcement, EVI has 83,000,000 outstanding share options granted to a EVI Director with exercise price of HK\$0.06 per share. Out of which 41,500,000 outstanding share options are exercisable during the period from 1 April 2006 to 31 March 2009 and the remaining 41,500,000 outstanding share options are exercisable

during the period from 1 June 2006 to 31 May 2009. The exercise in full of the subscription rights attaching to the share options will result in the issue of an additional 83,000,000 EVI Shares, representing 1% of EVI's total issued share capital as at the date of this announcement. Save for the aforesaid, EVI has no other outstanding options, warrants, derivatives or other securities that are convertible into Shares.

As the full conversion of the Convertible Note by the Noteholder may result in EVI failing to meet the minimum public float requirement as prescribed under the GEM Listing Rules, under the terms of the Convertible Note, the exercise of the conversion rights under the Convertible Note is subject to the compliance with the public float requirements under the GEM Listing Rules.

**INFORMATION RELATING TO THE VENDOR AND MIDLAND**

The Vendor is an investment holding company incorporated in Hong Kong on 16 June 1989. It is currently wholly-owned by Midland, and the immediate holding company of Ketanfall.

The principal business activities of Midland Group are provision of property brokerage services in Hong Kong, the PRC and Macau Special Administrative Region of the PRC, immigration consultancy, wealth management, mortgage referral as well as professional training for real estate agency practitioners.

**INFORMATION RELATING TO KETANFALL**

Ketanfall is an investment holding company incorporated in the BVI on 22 September 2006, the principal business of which is investment holding. Ketanfall is the holding company of a group of companies principally engaged in the business of industrial and commercial (office and shops) property broking in Hong Kong, representing the entire industrial and commercial (office and shops) property broking business of Midland in Hong Kong. The principal subsidiaries of Ketanfall has been operating in this field for more than 17 years, and currently, there are over 450 employees working for these subsidiaries. The top executive of Ketanfall Group, including the chief executive officer, the chief operation officer and two other sales directors have over 14 years of management and business experience in property brokerage field in Hong Kong. The EVI Directors consider that it is beneficial for EVI to retain them as senior management to enhance the operation and management capability of Ketanfall Group in this brokerage business. The initial investment cost of the Vendor basically represented the aggregate of the initial set up capital of the subsidiaries of Ketanfall amounted to approximately HK1.5 million.

Based on the unaudited combined accounts of Ketanfall Group prepared based on the financial statements of the Ketanfall Group which are prepared in accordance with the HKFRS, the financial information of Ketanfall Group for the two financial years ended 31 December 2006 were as follows:-

	Year ended 31 December 2005 HK\$'000	Year ended 31 December 2006 HK\$'000
Turnover	314,274	265,826
Net profits before taxation	43,984	50,500
Net profits after taxation	36,601	41,697
	<b>As at 31 December 2005 HK\$'000</b>	<b>As at 31 December 2006 HK\$'000</b>
Total assets	263,386	245,097
Net assets	108,407	95,104

The Midland Directors expect no gain or loss on disposal will be recognised in the consolidated income statement of Midland upon Completion. Any difference between the Consideration received and the share of unaudited combined net assets value of the Ketanfall Group arising from deemed dilution of the Ketanfall Group and the goodwill arising from the deemed acquisition of interest in EVI will be taken to reserve in accordance with applicable accounting standards. Using 31 December 2006 as a reference date, the excess of the Consideration received over the share of unaudited combined net assets value of the Ketanfall Group is approximately HK\$162 million. However, the ultimate amount of such difference will depend on the fair value of the Consideration received and the net assets value of the Ketanfall Group as at the date of Completion.

**INFORMATION RELATING TO EVI**

As at the date of this announcement, EVI is an investment holding company and its subsidiaries are principally engaged in the provision of internet education services, sale and installation of computer hardware and software, website development and commercial projects, provision of computer training service and sales of health and personal care products.

**PROPOSED CHANGE OF NAME OF EVI**

The EVI Directors propose that the name of EVI be changed from "EVI Education Asia Limited (Chinese translation being 教育亞洲有限公司, for identification purposes only)" to "Midland IC&I Limited (Chinese translation being 美聯工商舖有限公司, for identification purposes only)".

The proposed change of name of EVI is subject to the passing of a special resolution at the EGM by the EVI Shareholders and the Registrar of Companies in the Cayman Islands granting approval for such proposed change of name.

Subject to Completion and approval of EVI Shareholders, EVI will carry out necessary filing procedures and actions with the Registrars of Companies in Hong Kong and in the Cayman Islands, the change of name will become effective upon the issuance of a certificate of incorporation on change of name by the Registrar of the Cayman Islands. The proposed change of name is to reflect the nature of the business of EVI Group after Completion as well as to highlight it as a member of the Midland Group since March 2005.

Upon the proposed change of name of EVI becoming effective, all existing share certificates of EVI in issue bearing the existing name of EVI will continue to be evidence of title to the EVI Shares and will continue to be valid for trading, settlement, registration and delivery for the same number of EVI Shares in the new name of EVI and the rights of any EVI Shareholders will not be affected as a result of the proposed change of name. Once the proposed change of name has become effective, any issues of share certificates of EVI thereafter will be in the new name of EVI and the EVI Shares will be traded on GEM in the new name. However, there will be no special arrangement for free exchange of the existing share certificates of EVI for new share certificates printed in the EVI's new name.

Further announcement will be made by EVI upon the change of name has become effective and the adoption of new stock short name and the proposed effective date.

**EGM**

An EGM will be convened at which the EVI Independent Shareholders will consider and, where appropriate approve (a) the Sale and Purchase Agreement; (b) the issue of the Convertible Note; (c) the allotment and issue of the Conversion Shares; and (d) the Cross Referral Services Agreement and the annual caps. At the EGM, EVI Shareholders will be asked to consider and, where appropriate to approve the proposed change of name of EVI.

An independent board committee of EVI comprising the independent non-executive directors of EVI has been formed to advise the EVI Independent Shareholders. The independent board committee of EVI has appointed AMS Corporate Finance Limited as the independent financial adviser to advise the independent board committee of EVI and the EVI Independent Shareholders in respect of the terms of the Sale and Purchase Agreement (including the issue of the Convertible Note), the Cross Referral Services Agreement and the annual caps.

A circular of EVI, containing, among other things, further particulars of the transactions described herein, the recommendations of the independent board committee of EVI, the letter of advice from the independent financial adviser to the independent board committee of EVI and the EVI Independent Shareholders, certain financial information as required under the GEM Listing Rules and the notice of the EGM will be sent to the EVI Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

Midland and its associates will abstain from voting on the resolutions proposed at the EGM regarding (a) the Sale and Purchase Agreement; (b) the issue of the Convertible Note; (c) the allotment and issue of the Conversion Shares; and (d) the Cross Referral Services Agreement and the annual caps.

**SUSPENSION AND RESUMPTION OF TRADING**

At the request of EVI, trading in the EVI Shares has been suspended with effect from 9:30 a.m. on 21 March 2007 pending the release of this joint announcement. Applications have been made by EVI for the resumption of trading of its shares with effect from 9:30 a.m. on 2 April 2007.

**Midland Shareholders, prospective investors of Midland Shares, EVI Shareholders and prospective investors of EVI Shares are advised to exercise extreme cautions in dealings with the Midland Shares and the EVI Shares.**

**DEFINITIONS USED IN THIS ANNOUNCEMENT**

Unless the context requires otherwise, the capitalized terms used herein shall have the following meanings:-

"associates"	has the meaning ascribed to it under the Main Board Listing Rules and/or GEM Listing Rules (as the case may be)
"Business Day(s)"	the day(s) on which banks in Hong Kong are open generally for business, except a Saturday, Sunday public holiday and any day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"BVI"	the British Virgin Islands
"Completion"	completion of the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed to it under the Main Board Listing Rules and/or GEM Listing Rules (as the case may be)
"Consideration"	the aggregate consideration payable by EVI to the Vendor under the Sale and Purchase Agreement

“Convertible Note”	the convertible note in the principal amount of HK\$540 million to be issued by EVI to the Noteholder in settlement of HK\$540 million of the Consideration
“Conversion Shares”	the EVI Shares to be issued upon conversion of the conversion rights attached to the Convertible Note at the conversion price of HK\$0.1 per EVI Share (subject to adjustment)
“Cross Referral Services Agreement”	the cross referral services agreement to be entered into between EVI and Midland upon Completion in relation to cross-referral services between the relevant members of Midland Group and EVI Group as described in the paragraph headed “Continuing Connected Transactions for EVI following Completion – (b) non-exempt continuing connected transactions” in this announcement
“EGM”	the extraordinary general meeting proposed to be held by EVI for the purpose of approving the transactions contemplated under the Sale and Purchase Agreement, the Cross Referral Services Agreement and the annual caps, the issue of the Convertible Note, the allotment and issue of the Conversion Shares and the proposed change of name of EVI
“EVI”	EVI Education Asia Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM
“EVI Board”	the board of directors of EVI
“EVI Controlling Shareholder”	the controlling shareholder (as such term is defined under the GEM Listing Rules) of EVI
“EVI Directors”	the directors of EVI
“EVI Group”	EVI and its subsidiaries
“EVI Independent Shareholder(s)”	those EVI Shareholder(s) other than (i) Midland and its associates and parties acting in concert (as such term is defined under the Takeovers Code) and (ii) those who are involved in, or interested in the Sale and Purchase Agreement and the Cross Referral Services Agreement and all related transactions
“EVI Share(s)”	share(s) of HK\$0.01 each in the share capital of EVI
“EVI Shareholder(s)”	holder(s) of the EVI Share(s)
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to such term under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“HKFRS”	the Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Ketanfall”	Ketanfall Group Limited, a company incorporated in the BVI and is wholly-owned by the Vendor as at the date of this announcement
“Ketanfall Group”	Ketanfall and its subsidiaries
“Last Trading Day”	refers to 20 March 2007, being the last full day of trading of the EVI Shares on GEM before the date of this announcement
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the option market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on Main Board of the Stock Exchange
“Midland”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board
“Midland Board”	the board of directors of Midland
“Midland Directors”	the directors of Midland
“Midland Group”	Midland and its subsidiaries
“Midland Share(s)”	share(s) of HK\$0.10 each in the share capital of Midland
“Midland Shareholder(s)”	holder(s) of the Midland Share(s)
“Non-Competition Deed”	the deed of non-competition undertaking to be entered into between Midland and EVI upon Completion in respect of certain undertakings by Midland as set out in the paragraph headed “Non-Competition Undertaking by Midland” in this announcement
“Noteholder”	the Vendor or its subsidiary or subsidiaries as it may direct in writing as nominee
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale and Purchase Agreement”	the conditional sale and purchase agreement entered into on 26 March 2007 between the Vendor and EVI pursuant to which the Vendor has agreed to sell and EVI has agreed to acquire the Sale Shares, at the Consideration
“Sale Shares”	fourteen (14) shares of US\$1.00 each in the issued share capital of Ketanfall Group Limited representing the entire issued share capital of Ketanfall Group Limited as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trademark Licence Agreement”	the trademark licence agreement to be entered into between the relevant members of Midland Group as licensors and EVI as licensee upon Completion in relation to non-exclusive licence of certain trademarks to relevant members of EVI Group as described in the paragraph headed “Continuing Connected Transactions for EVI following Completion - (a) exempt continuing connected transactions” in this announcement
“Vendor”	Midland Realty (Strategic) Limited, an indirect wholly-owned subsidiary of Midland
“%”	percent

By Order of the Board  
**Midland Holdings Limited**  
**Lam Fung Fong**  
*Executive Director*

By Order of the Board  
**EVI Education Asia Limited**  
**Lau Wai Shu**  
*Executive Director*

Hong Kong, 30 March 2007

*As at the date of this announcement, the Midland Board comprises five executive Directors, namely Mr. Wong Kin Yip, Freddie, Ms. Tang Mei Lai, Metty, Ms. Lam Fung Fong, Mr. Chan Kwan Hing and Mr. Kwok Ying Lung and three independent non-executive Directors, namely Messrs. Koo Fook Sun, Louis, Sun Tak Chiu and Wang Ching Miao, Wilson.*

*As at the date of this announcement, the EVI Board comprises two executive Directors, namely Messrs. Pong Wai San, Wilson and Lau Wai Shu and a non-executive Director namely Mr. Tsang Link Carl, Brian and three independent non-executive Directors, namely Messrs. Koo Fook Sun, Louis, Sha Pau, Eric and Ying Wing Cheung.*

*This announcement (other than information in relation to Midland Group), for which the EVI 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 EVI Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief that: (i) the information contained in this announcement (other than information in relation to Midland Group) is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement (other than information in relation to Midland Group) misleading; and (iii) all their 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 Announcement” page for at least seven days from the day of its posting.*