MegaInfo Holdings Limited
萬佳訊控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

CONTINUING CONNECTED TRANSACTIONS

The Directors announce that the Company has on 6th February, 2006 entered into the Master Purchase Agreement with VHL. Pursuant to the Master Purchase Agreement, the Group will acquire certain Equipments from the VHL Group, from time to time. As VHL is the controlling shareholder of the Company, the transactions contemplated under the Master Purchase Agreement constitutes continuing connected transactions of the Company.

As the percentage ratios in respect of the annual caps of the continuing connected transactions under the Master Purchase Agreement will exceed 2.5% of the applicable percentage ratios but less than 25% and is less than HK$10,000,000. Accordingly, such transactions will be subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 but exempt from the Independent Shareholders approval and requirement.

BACKGROUND

The Company has on 6th February, 2006 entered into the Master Purchase Agreement with VHL. Pursuant to the Master Purchase Agreement, the Group will acquire certain Equipments from the VHL Group, from time to time. As VHL is the controlling shareholder of the Company, the transactions contemplated under the Master Purchase Agreement constitutes continuing connected transactions of the Company.

THE MASTER PURCHASE AGREEMENT

Date	:	6th February, 2006
Parties	:	(i) the Company
		(ii) VHL
Term	:	from 6th February, 2006 to 30th June, 2008 (extension subject to mutual agreements and compliance with the requirements of the Stock Exchange)

Transactions involved	:	the purchase by the Group from the VHL Group the Equipment (including computer servers, internet services equipment and other computer equipment and hardware). The Equipment are sourced by VHL Group and the Group understands from VHL that the Equipment sourced by VHL Group were purchased based on the market price for such equipment.
Price determination	:	the purchase price shall be determined in accordance with the prevailing market price for the Equipment and if that is not applicable, the purchase price shall be at a price which is not higher than the price offered by VHL Group to other independent third parties for similar products

ANNUAL CAPS

The Company expects that the aggregate annual value of the continuing connected transactions under the Master Purchase Agreement for each of the three years ended 30th June, 2006, 30th June, 2007 and 30th June, 2008 not to exceed the caps set out in the table below and in any event, the annual aggregate transaction is to represent less than 25% of the applicable percentage ratios (the "Cap"):

	For the year ended 30th June, 2006	**For the year ended 30th June, 2007**	**For the year ended 30th June, 2008**
Annual Cap Amount	HK$3,500,000 *(Note)*	HK$3,500,000	HK$3,500,000

Note: The Company has purchased certain equipment in the aggregate sum of HK$603,667 from VHL Group during the period between 1st July, 2005 to 7th February, 2006. Accordingly, HK$603,607 of the HK$3,500,000 annual cap for the year ended 30th June, 2006 has already been used. The Company may only acquire an aggregate amount of HK$2,896,393 of Equipment from the VHL Group for the remainder of the financial year ended 30th June, 2006 so as not to exceed the annual cap for that year.

The proposed annual Caps for the above continuing connected transactions are based on:- (a) the Company's requirements and demand for the Equipment, based on the service contracts which the Company has entered into with its customers and in the process of negotiation with new customers (as VHL Group would have specifications on the equipment and hardware required by such customer); and (b) allowing a buffer for the volatility in the market price of the Equipment; (c) allowing a buffer for the increase and growth of customer base of the Company and to cater for circumstances where specific requirements of the customers of the Company require the sourcing of more expensive hardware and equipment. The Company will comply with the relevant requirements of the Listing Rules as and when applicable if it anticipates that the annual Cap will be exceeded.

INFORMATION ON THE COMPANY AND VNHL

The Group is engaged in the provision of self-developed digital image processing management solutions in the PRC and Macao.

VHL is one of the leading network solution providers in the PRC engaged principally in the construction of data networks infrastructure and provision of related networking applications riding over the data infrastructure for telecommunications service providers and enterprise customers in Macao, Hong Kong and the PRC. The Group provides full integrated services ranging from network planning, design, installation and implementation to maintenance and after-sales technical support and provision of networking hardware and value-added applications such as network management systems.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

As described above, the Group is engaged in the business of the provision of self-developed digital image processing management solutions in the PRC and Macao. The operations of the Group require specific equipment and hardware which the Group needs to source and acquire for its customers. In addition, some of the hardware could only be acquired from specific distributors (in which VHL Group is one of such distributor) and the Group is unable to acquire the hardware directly from the manufacturer. The entering into of the Master Purchase Agreement allows the Group a stable supply of specific equipment required for the business operations of the Group.

REQUIREMENTS UNDER THE LISTING RULES

VHL is the controlling shareholder of the Company and accordingly is a connected person of the Company and the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions of the Company.

As the percentage ratios in respect of the annual caps of the continuing connected transactions under the Master Purchase Agreement of HK$3,500,000 for each year will exceed 2.5% but less than 25% of the applicable percentage ratio and is less than HK$10,000,000. Accordingly, such transactions will be subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47.

The Directors (including the independent non-executive Directors) considers that the terms of the continuing connected transactions under the Master Services Agreements are fair and reasonable, on normal commercial terms and are entered into in the usual and ordinary course of business and are in the interests of the Company and its shareholders as a whole.

DEFINITIONS

"Board"	the board of Directors
"Company"	MegaInfo Holdings Limited
"Directors"	the directors of the 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
"Equipment"	includes computer servers, internet services equipment and other computer equipment and hardware

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Macao"	the Macao Special Administrative Region of the People's Republic of China
"Master Purchase Agreement"	the master purchase agreement dated 6th February, 2006 between the Company and VHL in relation to the purchase of the Equipment by the Company from VHL
"PRC"	the People's Republic of China, but for the purposes of this announcement and for geographic reference only, excludes Taiwan, Macao and Hong Kong;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"VHL"	Vodatel Holdings Limited, a company incorporated in the British Virgin Islands
"VHL Group"	VHL and its subsidiaries

By order of the Board
José Manuel dos Santos
Chairman

Hong Kong, 8th February, 2006

Executive Directors	*Non-executive Directors*	*Independent non-executive Directors*
José Manuel dos Santos	Yim Hong	Chui Sai Cheong
Mok Chi Va	Kuan Kin Man	Tsui Wai Kwan
Kuok Cheong Ian		Tam Pak Yip

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 document 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 "Latest Company Announcements" page of the GEM website for at least seven days from the day of its posting and on the website of the Company at www.megainfo.com.cn

* *For identification purpose only*