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MegaInfo Holdings Limited

萬佳訊控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

DISCLOSURE PURSUANT TO RULE 17.10 OF THE GEM LISTING RULES

The Board announces that on 10 October 2006, INVEST FORTUNE LTD, an indirect wholly-owned subsidiary of the Company, entered into the LOI with the Vendor in relation to the Possible Acquisition.

The Directors wish to emphasise that the Possible Acquisition contemplated under the LOI may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction for the Company under the GEM Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event that any Formal Agreement has been signed.

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Board announces that on 10 October 2006, INVEST FORTUNE LTD, an indirect wholly-owned subsidiary of the Company, entered into the LOI with the Vendor in relation to the Possible Acquisition.

LOI

Date: 10 October 2006

Parties: (i) INVEST FORTUNE LTD, an indirect wholly-owned subsidiary of the Company;
and
(ii) the Vendor

To the best of the Directors' knowledge, the Vendor is not a connected person of the Company and is independent of the Company or its connected persons.

Major terms of the LOI

Under the LOI, the parties have agreed to enter into arm's length negotiations to agree on the Formal Agreement in respect of the Possible Acquisition to be signed as soon as practicable, and in any event within 3 months from the date of the LOI or such other date as the parties may agree.

Following the entering into of the LOI, INVEST FORTUNE LTD will be allowed, within a period of 3 months immediately thereafter (the "Exclusivity Period"), to carry out a preliminary legal and financial due diligence review on the SYSTEK Group on an exclusive basis, meaning that the Vendor will not and will procure SYSTEK or its management will not initiate, continue or hold discussions with any third party other than INVEST FORTUNE LTD in respect of any issue of new shares by SYSTEK, or any sale of the existing shares of SYSTEK by the Vendor, during the Exclusivity Period.

The terms of the LOI shall have no legally-binding effect on any of the parties thereto, save for the Exclusivity Period granted to INVEST FORTUNE LTD and the fact that the parties to the LOI shall keep matters regarding the LOI confidential unless disclosure thereof is required by the regulatory authority or by any applicable laws and regulations, or is made with the consent of the other party.

Consideration

The consideration for the Possible Acquisition has yet to be agreed between the parties and is subject to the result of the legal and financial due diligence review on the SYSTEK Group to be conducted by INVEST FORTUNE LTD or its professional advisers.

Information on the SYSTEK Group

The SYSTEK Group is principally engaged in the provision of information technology solutions to customers in the PRC including the provision of software and implementation and after-sales services. Subject to its successful acquisition of other information technology solutions provider(s), the SYSTEK Group intends to extend its products and services to leading operators of online and mobile electronic payment gateway business in the PRC.

Reasons for entering into the LOI

The Group has been looking for suitable investment opportunities in order to broaden its income source and maximise the return of the Shareholders. Subject to the due diligence review to be conducted by INVEST FORTUNE LTD or its professional advisers on the SYSTEK Group, it is expected that the Possible Acquisition will be an attractive investment opportunity for the Group to widen the scope of its products and services and to strengthen its business in the PRC market.

General

The Directors wish to emphasise that the Possible Acquisition contemplated under the LOI may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction for the Company under the GEM Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event that any Formal Agreement has been signed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	MegaInfo Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“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
“LOI”	the letter of intent dated 10 October 2006 entered into between INVEST FORTUNE LTD, an indirect wholly-owned subsidiary of the Company, and the Vendor in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by INVEST FORTUNE LTD of the entire issued share capital of SYSTEK
“PRC”	the People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYSTEK”	SYSTEK LTD, a company incorporated in the British Virgin Islands with limited liability
“SYSTEK Group”	SYSTEK and its subsidiaries
“Vendor”	the sole shareholder of SYSTEK, who is an individual independent of the Company or its connected persons

By Order of the Board
SUN HO
Chairman

Hong Kong, 10 October 2006

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Sun Ho and Mr. Kot Wai Ming, and three independent non-executive Directors, namely Mr. Wang Ronghua, Mr. Hua Fengmao and Mr. Kwok Wing Leung Andy.

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 at www.hkgem.com on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.

** For identification purposes only*