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If you have sold or transferred all your shares in MegaInfo Holdings Limited, you should at once hand this circular to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



MegaInfo Holdings Limited

萬佳訊控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8279)

DISCLOSEABLE TRANSACTIONS

(Establishment of a joint venture company,

Asia Gaming Technologies Limited, with Ladbroke Group and

**Grant of an Option to Ladbroke Group to subscribe for new Shares in
MegaInfo Holdings Limited)**

This circular 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 purpose only

13 February 2007

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“Adjustment Event(s)”	means capitalisation issue, rights issue, open offer, reduction of capital, consolidation or subdivision of the Shares of the Company
“Announcement”	the announcement of the Company dated 23 January 2007 regarding the formation of the JV Company and the grant of the Option by the Company to Ladbroke Group under the JV Agreement
“Board”	the board of Directors
“Business”	the business of the JV Group as set out in the sub-section headed “The Business” on page 7 of this circular
“Business Day”	a day, except a Saturday or Sunday, on which banks in Hong Kong are generally open for business
“Company”	MegaInfo Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the JV Agreement, which shall take place on the third Business Day after all conditions precedent of the JV Agreement have been fulfilled and/or waived
“Contract”	any contract entered into between the JV Company (or any member of the JV Group) and any Qualified Customer for development of the Product(s) by the JV Company (or any member of the JV Group) for, as well as sale and distribution of the Product(s) by the JV Company (or any member of the JV Group) to, such Qualified Customer in any of the provinces, municipalities, special administrative regions and autonomous regions of the PRC on terms satisfactory to the JV Company (or any member of the JV Group) and pursuant to which: the JV Company (or any member of the JV Group) will earn revenue satisfactory to each of MIH and Ladbroke Group from the provision of Products and/or related services to such Qualified Customer;

DEFINITIONS

- the Qualified Customer is obligated to promote the distribution and sale of the Products in the PRC; and
- all applicable laws are complied with and all necessary licences, permissions and authorisations and consents have been obtained by the Qualified Customer and, as applicable, by the JV Company (or any member of the JV Group), MIH and/or Ladbroke Group

and “**Contracted**” shall be construed accordingly

“Contract Date”	the date on which any Contract becomes unconditional and effective in all respects (save for obtaining any approvals, consents and permits from regulatory authorities in the PRC which cannot be obtained prior to execution of the Contract)
“Directors”	directors of the Company
“Exercise Period”	the period commencing from the date of Completion and ending on the first anniversary of such date
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the Stock Exchange with responsibility for GEM
“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
“Intellectual Property Rights”	patents, copyrights, rights in designs, trade marks, rights in trade or business names or internet domain names, topography and database rights, moral rights, rights in confidential information (whether registered or unregistered, and including applications for any such rights) and any intellectual property rights having the same or similar effect anywhere in the world

DEFINITIONS

“IP Owner(s)”	the owner(s) of the Licensed IPR which are the group companies of Ladbroke Group as at the Latest Practicable Date
“JV Agreement”	the joint venture shareholders’ agreement dated 19 January 2007 entered into between Ladbroke Group, MIH, the JV Company, Ladbroses Holdco and the Company to establish the JV Company
“JV Company”	Asia Gaming Technologies Limited (亞博科技有限公司), a company incorporated in Hong Kong with limited liability which shall be owned as to 51% by MIH and 49% by Ladbroke Group upon Completion
“JV Group”	the JV Company and its subsidiaries from time to time
“Ladbroses Holdco”	Ladbroses plc, the issued shares of which are listed on the London Stock Exchange
“Latest Practicable Date”	9 February 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Licensed IPR”	the intellectual property rights relating to the Products
“MIH”	Maxprofit Investment Holdings Limited, a company incorporated in British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Option”	the unlisted option of the Company to be granted to Ladbroke Group upon Completion at a nominal consideration of HK\$1 which will entitle Ladbroke Group to subscribe for the whole of or part of the Option Shares at an exercise price of HK\$2.0033 per Share (subject to adjustment)
“Option Shares”	an aggregate of up to 157,990,000 new Shares to be issued by the Company to Ladbroke Group upon exercise in whole or in part of the Option by Ladbroke Group
“Parties”	the parties to the JV Agreement

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Products”	specific fixed odds betting products (which are games for proposed adoption in the PRC sports lottery market) that Ladbroke Group and MIH have agreed shall be developed, distributed and sold by the JV Company (or any member of the JV Group) to Qualified Customers in the PRC (and the system(s) required for the distribution and sale of such products), and any other products and/or any other system(s) which Ladbroke Group and MIH specifically agree in writing from time to time
“Qualified Customer”	means any customer of the JV Group which is licensed or authorised by the relevant regulatory authority in the PRC to operate the business which sells and distributes the Products in the PRC and to undertake all acts and things contemplated by any Contract to which that customer is a party
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	the United Kingdom
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“£”	British Pounds Sterling, the lawful currency of the United Kingdom
“%”	per cent.



MegaInfo Holdings Limited

萬佳訊控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 8279)

Executive Directors:

Mr. Sun Ho (*Chairman*)
Mr. Kot Wai Ming

Independent non-executive Directors:

Mr. Kwok Wing Leung Andy
Mr. Wang Ronghua
Mr. Hua Fengmao

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business:*

Unit 3912, 39/F., Shell Tower
Times Square
Causeway Bay
Hong Kong

13 February 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS
(Establishment of a joint venture company,
Asia Gaming Technologies Limited, with Ladbroke Group and
Grant of an Option to Ladbroke Group to subscribe for new Shares in
MegaInfo Holdings Limited)

INTRODUCTION

The Board announced on 23 January 2007 that Ladbroke Group, MIH (being an indirect wholly-owned subsidiary of the Company), the JV Company, Ladbroke Holdco and the Company had entered into the JV Agreement dated 19 January 2007 to establish the JV Company. Pursuant to the JV Agreement, on the date of Completion, Ladbroke Group will subscribe at a nominal consideration of HK\$1 for the Option. The formation of the JV

* For identification purpose only

LETTER FROM THE BOARD

Company and the grant of the Option by the Company to Ladbroke Group under the JV Agreement constitute discloseable transactions for the Company under the GEM Listing Rules. The purpose of this circular is to provide you with, among other things, details of the formation of the JV Company and the grant of the Option pursuant to the JV Agreement.

JV AGREEMENT

Set out below are the principal terms and conditions of the JV Agreement:

Date: 19 January 2007

Parties:

- (i) Ladbroke Group, an indirect wholly-owned subsidiary of Ladbrokes Holdco;
- (ii) MIH, an indirect wholly-owned subsidiary of the Company;
- (iii) the JV Company;
- (iv) Ladbrokes Holdco; and
- (v) the Company.

Upon Completion, the JV Company shall be owned as to 51% by MIH and 49% by Ladbroke Group. Each of the Company and Ladbrokes Holdco entered into the JV Agreement as guarantor to guarantee the respective obligations of MIH and Ladbroke Group under the JV Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, Ladbroke Group and its controlling shareholder, Ladbrokes Holdco (the issued shares of which are listed on the London Stock Exchange), are third parties independent of and not connected with the Company and the directors, chief executive, management shareholders or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (as defined under the GEM Listing Rules).

LETTER FROM THE BOARD

The Business:

The JV Company (or any of its subsidiaries from time to time) will be principally engaged in (i) the management and development of the Products, (ii) the sale and distribution of the Products to Qualified Customer(s), (iii) the provision of maintenance, after-sales, training and consultancy services relating to the Products, and (iv) the management, development, sale and distribution of such other additional Products and the provision of such other additional services as the parties to the JV Agreement may agree from time to time in writing.

The JV Group will provide the Products and services to only Qualified Customer(s) as the JV Group does not possess the necessary licence or permits to sell and distribute the Products to end consumers in the PRC. The Qualified Customer(s) will be the only licensed or authorised entities which may sell and distribute the Products to end consumers in the PRC. As at the Latest Practicable Date, fixed odds betting products are a new kind of betting products not yet approved or accessible to the general public in the PRC and no entity is licensed or authorised to sell fixed odds betting products in the PRC as at the Latest Practicable Date. The JV Company is a venture between MIH and Ladbroke Group set up to explore the opportunity to introduce certain fixed odds betting products of Ladbroke Group and its group companies to the sports lottery market of the PRC.

Capital structure and financing:

	Total capital contribution in cash to the JV Company (HK\$)	% equity interest in the JV Company
MIH	5,100,000	51%
Ladbroke Group	<u>4,900,000</u>	<u>49%</u>
Total	<u><u>10,000,000</u></u>	<u><u>100%</u></u>

The total shareholders' equity of the JV Company will be HK\$10,000,000 upon Completion. Save for the above contributions, neither Ladbroke Group nor MIH undertakes to provide any loan or share capital to the JV Company (or to any other member of the JV Group) nor to give any guarantee, security or indemnity in respect of any of the liabilities or obligations of the JV Company (or any other member of the JV Group).

LETTER FROM THE BOARD

In the event that the JV Group's financial resources are at any stage insufficient to satisfy its working capital or business development requirements, the JV Group may procure such means of financing as approved by the board of directors of the JV Company and by both Ladbroke Group and MIH (or their respective representatives at a general meeting of the JV Company).

The above capital contribution of MIH to the JV Company corresponds with its pro rata entitlement to the equity interests in the JV Company and will be funded from the proceeds from the placing of new Shares as announced by the Company on 17 October 2006 and 8 November 2006.

*Intellectual
properties:*

Upon Completion, Ladbroke Group agrees to grant, and procure the IP Owner(s) to grant, a licence to use the Licensed IPR at a nominal consideration of £1 to the JV Company (and any member of the JV Group) for the performance of the Business on the terms set out in the JV Agreement. Once a Contract is entered into in respect of a Product and becomes unconditional and effective, the licence in respect of the Licensed IPR of the relevant Product shall be exclusive to the JV Company (or any member of the JV Group) in the PRC but the Licensed IPR relating to any system(s) required for the distribution and sale of such Product shall be non-exclusive.

If the JV Company (or any member of the JV Group) shall at any time make any development or modification based on the Licensed IPR, Ladbroke Group shall own any and all Intellectual Property Rights in such developments or modifications.

LETTER FROM THE BOARD

Ladbroke Group and the IP Owners shall at all times indemnify and hold harmless the JV Company (or any member of the JV Group), MIH and the Company (each an “**Indemnified Party**”) on demand from and against damages, costs, expenses, liabilities, awards, judgements and penalties suffered or incurred by an Indemnified Party in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (each a “**Relevant Claim**”), or any settlement thereof which arises out of or is based upon the use by the JV Company (or any member of the JV Group) of the Licensed IPR, provided that if the Relevant Claim relates to any Intellectual Property Right(s) which is(are) licensed to Ladbroke Group and/or the IP Owners under any software licence agreement(s) with any third party(ies), the liability of Ladbroke Group and the IP Owners shall then be limited to the amount capable of being recovered by Ladbroke Group and/or any of the IP Owners from its licensor(s) in relation to such Relevant Claim.

The JV Company (or any member of the JV Group) shall not use the Licensed IPR for any purpose which could have a material adverse effect on Ladbroke Group’s businesses or which could harm or otherwise bring the Licensed IPR into disrepute.

Ladbroke Group acknowledges and agrees that it and the IP Owners shall provide the JV Company (or any member of the JV Group) with Intellectual Property Right(s) attached to the Licensed IPR. Where any part of the Licensed IPR so provided is not owned by Ladbroke Group and/or the IP Owners, and where reasonably requested to do so by MIH and/or the JV Company, Ladbroke Group shall explain the status of such third party Intellectual Property Right(s) to the JV Company and/or MIH in sufficient detail and shall also provide supporting documentation to evidence the status of such right(s).

Technical staff:

Ladbroke Group and MIH (or the Company, as the case may be) shall second full time and/or part time technical staff to the JV Company (or any member of the JV Group).

Additional staff may be employed by the JV Company (or any member of the JV Group) or seconded by either of the Parties where agreed between the Parties.

LETTER FROM THE BOARD

<i>Board representation:</i>	The maximum number of directors of the JV Company shall be 5. Ladbroke Group and MIH shall be entitled to appoint and at any time remove or substitute up to 2 directors and 3 directors of the JV Company respectively.
<i>Dividend policy:</i>	Unless otherwise agreed in writing or unless the amount of dividend declared by any member of the JV Group would prevent such member from retaining sufficient working capital to enable it to carry on business in a prudent and business-like manner, the Parties shall procure that the JV Company distributes to Ladbroke Group and MIH in the ratio of 49% and 51% respectively by way of dividend in respect of each of its financial years all its net profits available for distribution in accordance with the applicable laws. Any such distribution shall be made within seven days after the date of the auditor's report on the relevant accounts.
<i>Profit sharing:</i>	The net profit of the JV Company will be shared by Ladbroke Group and MIH in the ratio of 49% and 51% respectively.
<i>Transfer of shares in the JV Company:</i>	Unless the shares in the JV Company are transferred to a wholly-owned subsidiary of the transferor shareholder of the JV Company or to a wholly-owned subsidiary of the ultimate holding company of such transferor shareholder, no shareholder of the JV Company shall transfer any shares in the JV Company during a period of three years from the date of the JV Agreement. After the end of such initial three-year period, if a shareholder of the JV Company (the “Seller”) wishes to sell any of its shares in the JV Company to third party(ies), it shall promptly give the other shareholder (the “Continuing Shareholder”) a written notice offering to sell such shares to the Continuing Shareholder on the same terms as apply to the purchase of such shares by the aforesaid third party(ies), and such offer shall be open for acceptance by the Continuing Shareholder within 21 days of receipt of such offer. If the Continuing Shareholder does not accept the offer within the aforesaid 21-days period, the Seller shall sell such shares to the aforesaid third party(ies) at not less than the proposed selling price of such shares first offered by the Seller to the Continuing Shareholder. Any purchase or sale by MIH of the shares in the JV Company shall be subject to the compliance with the GEM Listing Rules and any necessary approval of the Shareholders.

LETTER FROM THE BOARD

*Non-competition
undertaking:*

Each of Ladbroke Group and Ladbrokes Holdco agrees, and undertakes to MIH and the JV Company, that, with effect from the Contract Date in relation to each Product which has been unconditionally Contracted by a Qualified Customer in the PRC, each of Ladbroke Group and Ladbrokes Holdco shall not directly or indirectly, whether on its own account or jointly with others or whether as principal, agent or otherwise, manage, develop, distribute or sell such Product in the PRC other than through the JV Company (and any member of the JV Group) pursuant to the terms of the JV Agreement. However, the aforesaid non-competition undertaking shall cease to apply to such Product from the date on which such Product ceases for any reason to be the subject of a valid and subsisting Contract. In addition, the aforesaid non-competition undertaking shall not prevent Ladbroke Group from distributing or selling any such Product in the PRC at any time prior to the Contract Date in respect of such Product otherwise than through the JV Company (or any member of the JV Group) (whether alone or jointly with others or whether as principal, agent or otherwise) pursuant to any agreement, arrangement or understanding entered into by Ladbroke Group at any time prior to the Contract Date for such Product.

*Liability of
Ladbroke Group,
Ladbrokes Holdco
and any IP
Owners:*

Save as disclosed above, the maximum aggregate liability of Ladbroke Group, Ladbrokes Holdco and any IP Owners in respect of any provision in the JV Agreement shall be the higher of HK\$70,000,000 or the valuation of 100% of the JV Company's equity share capital at the date that the liability is incurred pursuant to the JV Agreement. The valuation shall be determined by an internationally recognised firm of accountants who shall determine the fair value of the JV Company in accordance with the terms of the JV Agreement.

LETTER FROM THE BOARD

*Subscription of the
Option:*

On the date of Completion, Ladbroke Group shall subscribe at a nominal consideration of HK\$1 for the Option which, if exercised during the Exercise Period, will entitle Ladbroke Group to subscribe for up to a maximum of 157,990,000 Option Shares at an exercise price of HK\$2.0033 per Option Share (subject to adjustments for any of the Adjustment Events). The maximum total consideration payable by Ladbroke Group to the Company upon exercise in full of the Option shall amount to HK\$316,501,367. Assuming the Company had to issue the Option Shares on 19 January 2007 (being the date of the JV Agreement), based on the closing price per Share of HK\$1.78 as quoted on the Stock Exchange on 19 January 2007, the total value of the Option Shares would be HK\$281,222,200.

The Option shall not be transferable and shall not entitle its holder to vote at any Shareholders' meetings of the Company but can be exercised in whole or in part at any time during the Exercise Period.

Further announcement(s) will be made by the Company if:

- the Option is exercised in part or in full by Ladbroke Group during the Exercise Period and to update the Shareholders on the intended use of the resultant proceeds received by the Company based on the then financial position and business development or investment plans of the Group;
- any portion of the Option is lapsed after the expiry of the Exercise Period; or
- any adjustments need to be made to the aggregate number of Option Shares, and/or the exercise price per Option Share, issuable under any outstanding portion of the Option as a result of the occurrence of any Adjustment Event of the Company.

LETTER FROM THE BOARD

The aforesaid maximum number of 157,990,000 Option Shares issuable under the Option represents approximately 5.26% of the issued share capital of the Company as at the Latest Practicable Date and approximately 5.00% of the issued share capital of the Company as enlarged by the issue of such Option Shares in the event that the Option is exercised in full by Ladbroke Group. The Option Shares will rank pari passu in all respects with all other Shares then in issue, and dealings in the Option Shares may be settled through the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

The Option Shares shall be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 23 October 2006, which allows the Directors to deal with up to 557,470,000 new Shares. Such general mandate has not been utilised as of the Latest Practicable Date. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Option Shares issuable upon exercise in whole or in part of the Option by Ladbroke Group. However, no listing of the Option itself will be sought on the Stock Exchange or any other stock exchange.

The aforesaid exercise price of HK\$2.0033 per Option Share is determined with reference to the recent closing prices of the Shares as quoted on the Stock Exchange prior to the date of the JV Agreement and represents:

- (i) a premium of approximately 12.54% over the closing price of HK\$1.78 per Share as quoted on the Stock Exchange on 19 January 2007, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement;
- (ii) a premium of 15% over the average closing price of HK\$1.742 per Share as quoted on the Stock Exchange for the five consecutive trading days leading up to and including 19 January 2007; and
- (iii) a premium of approximately 33.55% over the closing price of HK\$1.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

*Lock-up period for
Option Shares:*

Ladbroke Group has undertaken to the Company that during the period of three years from the date of allotment of any portion of the Option Shares to it, it will not sell, transfer, grant options over or otherwise dispose of such portion of Option Shares.

Termination:

Either MIH or Ladbroke Group (as the case may be) may within thirty days of any termination event (the “**Termination Event**”) occurring or within thirty days after MIH or Ladbroke Group (as the case may be) has become aware of the occurrence of such event, provide the other Party with a written notice of its desire to terminate the JV Agreement (the “**Termination Notice**”). If the Termination Event cannot be remedied within 30 days after the receipt of the Termination Notice by the other Party (or such longer period as the Parties may mutually agree), the Parties shall concur to place the JV Company (and all members of the JV Group) into liquidation.

The Termination Events shall cover situations including, among other things, the following:

- the liquidation or insolvency, or appointment of a liquidator or receiver, of the other Party or its ultimate holding company;
- the cessation or change in the nature or scope of the principal line(s) of business of the other Party or its ultimate holding company;
- any material breach of its obligations by the other Party under the JV Agreement;
- failure of the other Party to pay its proportionate share of any further finance or subscribe for additional shares in the JV Company or assume liabilities as required pursuant to the JV Agreement;
- a change in control of the other Party;

LETTER FROM THE BOARD

- the occurrence of any restriction or condition imposed by any relevant regulatory authority in the PRC which would have a material and adverse financial impact on the Business or where the Business or any Contract is declared illegal or unlawful by the regulatory authorities in the PRC or where there are any changes in the law of the PRC that would impact adversely on the Business or on a Contract so as to render the performance of the Contract unlawful, undesirable or subject to additional conditions;
- the JV Company (or any member of the JV Group) not having obtained a Contract to distribute the Products to any Qualified Customer within 18 months following the date of Completion;
- the Parties not having agreed or confirmed (as the case may be) in writing within 90 days following the date of Completion on the new articles of association of the JV Company, the budget and business plan of the JV Group or, if required or applicable, the acceptance of a legal opinion to be provided by a legal counsel in the PRC advising on the course of action to be taken and followed by the JV Company (and any member of the JV Group) and the Parties to ensure that the operations of the Business will comply at all times with all relevant PRC laws and regulations;
- failure of the JV Company (or any member of the JV Group) to obtain all necessary regulatory approvals, consents or permits required to be obtained prior to entry into the Contract;
- failure of the JV Company (or any member of the JV Group) or the Qualified Customer to obtain any outstanding regulatory approval, consent or permit in relation to a Contract within 180 days after the Contract Date; or
- cessation of either Party to own any shares in the JV Company.

In addition, in the event that a deadlock arises because Ladbroke Group and MIH fail to agree on any corporate matter specified in the JV Agreement or any other matter requiring their decision or agreement and that such deadlock cannot be resolved in the manner and within the time limit as specified under the JV Agreement, the Parties shall be deemed to have elected to place the JV Group into liquidation and shall concur in taking all steps required promptly to procure that the JV Group ceases trading, winds up its affairs and enters into liquidation.

LETTER FROM THE BOARD

*Conditions
precedent:*

Completion of the JV Agreement is conditional upon the following conditions:

- (i) if required under the GEM Listing Rules, the passing by the Shareholders of resolution(s) approving the JV Agreement and the transactions contemplated thereby;
- (ii) the Company obtaining the approval from the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Option Shares;
- (iii) a PRC legal counsel, the identity of which shall be agreed in writing by MIH and Ladbroke Group as soon as reasonably practicable after the date of the JV Agreement, advising that the proposed arrangements relating to the operation of the Business are in compliance with all relevant laws and regulations in the PRC; and if any approvals, consent or permits from any regulatory or governmental authorities in the PRC are required to be obtained by the JV Company (or any other member of the JV Group) for the operation of the Business, such approvals, consents or permits have been duly obtained and are in force; and
- (iv) no indication that any necessary approvals and consents from regulatory authorities in the PRC to the execution of the JV Agreement and the performance of the transactions thereby contemplated not having been obtained as at the time that the conditions described in (i), (ii) and (iii) above are satisfied,

in each case to the satisfaction of MIH and Ladbroke Group.

Condition (i) above is not required to be fulfilled. None of the other conditions set out above has been fulfilled as at the Latest Practicable Date.

Long-stop date:

The above conditions precedent of the JV Agreement shall have been fulfilled and/or waived by all the Parties on or before the 60th calendar day after the date of the JV Agreement (or such other date as may be agreed between the Parties in writing).

Completion:

Completion shall take place on the third Business Day after the fulfillment and/or waiver of all conditions precedent of the JV Agreement.

LETTER FROM THE BOARD

CHANGES OF SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the changes of the shareholding structure of the Company in the event that the Option is exercised in full by Ladbroke Group following Completion:

Shareholders	As at the Latest Practicable Date		Immediately upon Completion (<i>Note 3</i>)	
	No. of Shares	Approximate percentage of total issued share capital of the Company	No. of Shares	Approximate percentage of total issued share capital of the Company
MAXPROFIT GLOBAL INC (<i>Note 1</i>)	2,006,250,000	66.84%	2,006,250,000	63.49%
Mr. SUN Ho (<i>Note 2</i>)	26,750,000	0.89%	26,750,000	0.84%
Mr. KOT Wai Ming (<i>Note 2</i>)	26,750,000	0.89%	26,750,000	0.84%
Mr. WANG Ronghua (<i>Note 2</i>)	2,675,000	0.09%	2,675,000	0.09%
Mr. HUA Fengmao (<i>Note 2</i>)	2,675,000	0.09%	2,675,000	0.09%
Mr. KWOK Wing Leung Andy (<i>Note 2</i>)	2,675,000	0.09%	2,675,000	0.09%
Ladbroke Group	–	–	157,990,000	5.00%
Public Shareholders	934,020,000	31.11%	934,020,000	29.56%
Total	<u>3,001,795,000</u>	<u>100.00%</u>	<u>3,159,785,000</u>	<u>100.00%</u>

Notes:

1. MAXPROFIT GLOBAL INC is beneficially and wholly-owned by Mr. Sun Ho, an executive Director and Chairman of the Company.
2. Each of the two executive Directors, Mr. Sun Ho and Mr. Kot Wai Ming, holds 26,750,000 Shares and each of the three independent non-executive Directors, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao, holds 2,675,000 Shares following their exercise in full of the respective options granted to them on 14 August 2006 by the Company pursuant to the share option scheme of the Company adopted on 18 November 2004.
3. This shareholding structure of the Company is based on the assumptions that: (a) the Option will be exercised in full immediately upon Completion; (b) no Shares will be issued (except for the Option Shares) or repurchased by the Company after the Latest Practicable Date; and (c) the respective shareholdings of MAXPROFIT GLOBAL INC, Mr. Sun Ho, Mr. Kot Wai Ming, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao in the Company will remain unchanged after the Latest Practicable Date.

LETTER FROM THE BOARD

INFORMATION ON LADBROKE GROUP AND ITS GROUP COMPANIES

(as extracted from the website of Ladbrokes plc at www.ladbrokesplc.com)

Ladbroke Group is an indirect wholly-owned subsidiary of Ladbrokes plc. Ladbrokes plc is the world's leading fixed odds betting company. Formerly Hilton Group plc, the company was renamed Ladbrokes plc following the completion of the sale of the Hilton International Hotel division to Hilton Hotel Corporation on 23 February 2006.

Now a pure betting and gaming company, Ladbrokes plc comprises (i) Ladbrokes, the biggest retail bookmaker in the United Kingdom and Ireland, (ii) Ladbrokes Remote Betting and Gaming, which includes Ladbrokes.com, a world-leading provider of interactive betting and gaming services, and one of Europe's leading telephone betting operations, (iii) Vernons, the leading football pools operator, and (iv) Ladbrokes Casinos which opened its first casino at the Hilton London Paddington in July 2006.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in Bermuda and its issued Shares are listed on GEM. The Group is principally engaged in the research, development and sale of software products and systems as well as the provision of information technology solutions (including project implementation, system integration and after-sales maintenance services) to customers in the Macao Special Administrative Region of the PRC and the PRC. The Group offers an array of enterprise solutions including *MegaImage* (document imaging application), *MegaMax* (surveillance solution), *MegaDMS* (document management system) and *MegaERP* (enterprise resource planning application).

REASONS FOR ENTERING INTO THE JV AGREEMENT

The terms of the JV Agreement have been agreed based on arm's length negotiations between the Parties involved. The JV Company will be principally engaged in the Business. The Directors are of the view that the establishment of the JV Company provides an excellent opportunity for the Group to expand its range of products and services to the fixed odds betting products and system(s) and related services. In addition, leveraging on the strength and technical expertise of Ladbroke Group (and its group companies) in the fixed odds betting business, the Directors believe that the Group will benefit from the future business opportunities brought about by the JV Company. The Directors therefore consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL IMPACT OF THE JV AGREEMENT ON THE GROUP

Following Completion, the JV Company will be a 51% owned subsidiary of the Company. Any future earnings, assets and liabilities of the JV Company (and any of its subsidiaries from time to time) will be consolidated in the accounts of the Group.

LETTER FROM THE BOARD

The capital contribution of MIH to the JV Company totalling HK\$5.1 million will be funded from the proceeds from the placing of new Shares as announced by the Company on 17 October 2006 and 8 November 2006. The Directors do not anticipate that there will be any adverse impact on the cash flow or the gearing ratio of the Group as a result of entering into the JV Agreement.

In addition, should Ladbroke Group elect to exercise the Option in whole or in part in the future during the Exercise Period, proceeds of up to a maximum of HK\$316,501,367 will be receivable by the Company, thus strengthening the overall financial position of the Group.

IMPLICATIONS UNDER THE LAWS OF HONG KONG AND THE GEM LISTING RULES

Reference is made to the guidelines issued by the Stock Exchange in relation to “Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers” dated 11 March 2003 (the “**Guidelines**”). Under the Guidelines, if the Group is directly or indirectly engaged in gambling activities, the Group should ensure that the operation of such gambling activities should comply with the applicable laws in the area where such activities operate and/or not contravene the Gambling Ordinance (Chapter 148 of the Laws of Hong Kong) (the “**Gambling Ordinance**”). Should such operation (i) fail to comply with the applicable laws in the areas where such activities operate and/or (ii) contravene the Gambling Ordinance, the Company or its business may be considered unsuitable for listing under Rule 11.06 of the GEM Listing Rules and the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares on the Stock Exchange. The Company will use its best endeavours to procure that the operation of the JV Company must (i) comply with the applicable laws in the areas where such activities operate; and/or (ii) not contravene the Gambling Ordinance. In addition, the Company will exercise its right to terminate the JV Agreement if the operation of the JV Company becomes unlawful or illegal in the PRC pursuant to the terms of the JV Agreement. Please refer to the section headed “JV Agreement – Termination” above for further details.

The formation of the JV Company and the grant of the Option by the Company to Ladbroke Group under the JV Agreement constitute discloseable transactions for the Company under the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
MegaInfo Holdings Limited
Sun Ho
Chairman

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in ordinary Shares:

Directors	Number of Shares of the Company			Approximate percentage held
	Personal interest	Corporate interest	Total	
Mr. Sun Ho	26,750,000 (Note 2)	2,006,250,000 (Note 1)	2,033,000,000	67.73%
Mr. Kot Wai Ming	26,750,000 (Note 2)	–	26,750,000	0.89%
Mr. Wang Ronghua	2,675,000 (Note 2)	–	2,675,000	0.09%
Mr. Hua Fengmao	2,675,000 (Note 2)	–	2,675,000	0.09%
Mr. Kwok Wing Leung Andy	2,675,000 (Note 2)	–	2,675,000	0.09%

Notes:

- 1. These 2,006,250,000 Shares were held in the name of MAXPROFIT GLOBAL INC. As MAXPROFIT GLOBAL INC is beneficially and wholly-owned by Mr. Sun Ho, an executive director and chairman of the Company, Mr. Sun was deemed to be interested in such Shares.
- 2. Each of the two executive Directors, Mr. Sun Ho and Mr. Kot Wai Ming, holds 26,750,000 Shares and each of the three independent non-executive Directors, Mr. Kwok Wing Leung Andy, Mr. Wang Ronghua and Mr. Hua Fengmao, holds 2,675,000 Shares following their exercise in full of the respective options granted to them on 14 August 2006 by the Company pursuant to the share option scheme of the Company adopted on 18 November 2004.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares (in respect of share options of the Company which were regarded as unlisted physically settled equity derivatives) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

- (ii) As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which was not terminable by the employer within one year without payment of compensation other than statutory compensation.

3. SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests and long positions in the Shares and underlying Shares of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Interests in the Shares:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
MAXPROFIT GLOBAL INC	Beneficial owner (Note 1)	2,006,250,000	66.84%
GE Asset Management Incorporated	Investment Manager	150,520,000	5.01%

Long positions in the underlying Shares:

Name of holder of the underlying Shares	Capacity	Number of underlying Shares entitled	Approximate percentage of issued share capital of the Company
Ladbrokes plc	Interests in controlled corporation (Note 2)	157,990,000	5.26%

Notes:

1. As disclosed above, Mr. Sun Ho was deemed to be interested in those 2,006,250,000 Shares by virtue of his interest in MAXPROFIT GLOBAL INC.
2. The 157,990,000 Shares were deemed corporate interest of Ladbrokes plc arising as a result of the grant of the Option under the JV Agreement. Under the SFO, Ladbrokes plc was deemed to own the 157,990,000 Shares which were directly held by Ladbroke Group and indirectly held through Ladbroke Group International, Travel Document Service, Cayman Investments No. 1, International Finance Investment, Ladbroke US Investments Ltd, Martia Ltd and Ladbroke Group Holdings Ltd, all of which are wholly-owned subsidiaries of Ladbrokes plc.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company were not aware of any other substantial Shareholder (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

4. INTERESTS OF OTHER PERSONS

As at the Latest Practicable Date, apart from the interests in the Shares, underlying Shares and debentures of the Company and its associated corporations held by the Directors, chief executive and substantial Shareholders of the Company stated above, there were no other persons with interests recorded in the register of the Company required to be kept under section 336 of the SFO.

5. MANAGEMENT SHAREHOLDER

So far as the Directors are aware, as at the Latest Practicable Date, other than Mr. Sun Ho as disclosed above, there was no other person who was directly or indirectly interested in 5% or more of the Shares then in issue and who was able, as a practical matter, to direct or influence the management of the Company.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or any of their respective associates (as defined in the GEM Listing Rules) had any interest in any business which causes or may cause any significant competition with the business of the Group or any significant conflicts with the interests of the Group.

7. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. SHARE CAPITAL OF THE COMPANY

<i>Authorised share capital:</i>	<i>HK\$</i>
5,000,000,000 Shares of HK\$0.002 each	10,000,000
<i>Issued and fully paid as at the Latest Practicable Date:</i>	
3,001,795,000 Shares of HK\$0.002 each	6,003,590

All the Shares rank pari passu in all aspects, including all rights as to dividend, voting and interests in the capital.

9. MISCELLANEOUS

- (a) The branch share registrar of the Company in Hong Kong is Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (b) The secretary of the Company is Ms. Mak Tak Ping who is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.
- (c) The qualified accountant of the Company is Ms. Lo Kei Chi who is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.
- (d) The compliance officer of the Company is Mr. Sun Ho, who is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants.
- (e) Immediately following Completion, Ladbroke Group shall nominate Mr. Kevin Hopgood and Mr. Alex Kovach, and MIH shall nominate Mr. Sun Ho and Mr. Kot Wai Ming (both being the existing executive Directors), to become directors of the JV Company. Set out below are the biographical details of Mr. Kevin Hopgood and Mr. Alex Kovach:

Mr. Kevin Hopgood, aged 51, of 14 Highgate Lane, Farnborough, Hants, UK, has over 33 years of experience in the leisure and gaming industry. Mr. Hopgood holds a Diploma in Management Studies (with Distinction) from the University of Portsmouth in UK, a Diploma in Marketing from the Chartered Institute of Marketing in UK, and a Master's Degree in Business Administration from the University of Portsmouth. He is a Fellow of the Chartered Management Institute (FCMI) in UK, a Member of the Institute of Directors in UK and a Member of the Chartered Institute of Marketing (MCIM) in UK as well as being a Chartered Institute of Marketing's designated Chartered Marketer.

Mr. Alex Kovach, aged 39, of 182 Elsley Road London SW11 5LQ, UK, has over 2 years of experience in the leisure and gaming industry. Mr. Kovach holds a bachelor degree in Geography from Durham University, UK and a master degree in Business Administration from INSEAD, France. He is a member of the Institute of Directors and the Marketing Society in UK.

- (f) The Company has established an audit committee which is responsible for reviewing and supervising the financial reporting process and internal controls system of the Group, considering the appointment or re-appointment of auditors and providing advice and comments on the Group's draft annual reports and accounts, interim reports and quarterly reports to the Board. The audit committee is chaired by Mr. Kwok Wing Leung Andy and has two other members, Mr. Wang Ronghua and Mr. Hua Fengmao, all of them are independent non-executive Directors. Set out below are the biographical details of these three Directors:

Mr. Kwok Wing Leung Andy, aged 33, has over 10 years of local and overseas financial and general management experience and has experience in the trading business in the PRC. He was appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company on 19 July 2006. Mr. Kwok holds a master degree in Business Administration from Tsinghua University, the PRC and a bachelor degree in Economics from the University of Sydney in Australia. Mr. Kwok is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Kwok is the chairman of Nubrand Group Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange.

Mr. Wang Ronghua, aged 61, is a representative in Shanghai of Treasury Holdings China Limited. He was appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company on 19 July 2006. Mr. Wang graduated from the Beijing Institute of Foreign Trade. Prior to the appointment as independent non-executive Director, Mr. Wang held various positions in the PRC Government. Mr. Wang was the General Manager of Beijing Personnel Service Corporation for Diplomatic Missions, the General Manager of China Jiaoyuan Corporation for International Economic and Technical Cooperation, the First Deputy Director General of Beijing Service Bureau for Diplomatic Missions and an Ambassador of the PRC to the Republic of Iceland. Thereafter, Mr. Wang joined Shanghai Institute of International Finance as Vice President and was Chief Operating Officer of Shanghai Sinoman Industrial (Group) Ltd. Mr. Wang did not hold any directorship in any listed companies during the past three years.

Mr. Hua Fengmao, aged 38, is the founding partner and managing director of China Finance Strategies Limited. He was appointed as independent non-executive Director as well as member of each of the audit, remuneration and nomination committees of the Company on 19 July 2006. Mr. Hua obtained a bachelor degree and a master degree in English Language & Literature from the Shanghai International Studies University, Shanghai, the PRC. Mr. Hua obtained a Master of Business Administration degree from the International University of Japan, Niigata, Japan. Prior to founding China Finance Strategies Limited, Mr. Hua held various positions in various investment banks. Mr. Hua was the Managing Director of Investment Banking of CLSA Equity Capital Markets Limited, the General Manager of Cazenove Asia Limited, Manager of ICEA Capital Limited and Associate Investment Banking Officer of Bank of America NT&SA. Mr. Hua did not hold any directorship in any listed companies during the past three years.

- (g) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.