C&T Holdings Ltd. Acquired 100% of Progressive World Ltd.

November 5, 1998

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

Computer And Technologies Holdings Limited ("Company") entered into a sale and purchase agreement on 2 November, 1998 ("Agreement") to purchase 10,000 shares ("Acquisition") representing 100% of the entire issued share capital of Progressive World Limited ("BVICO").

The directors of the Company ("Directors") believe that the Acquisition is in the best interests of the Company.

The Acquisition is a discloseable transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company will send the shareholders a circular for their information shortly.

PARTICULARS OF THE AGREEMENT

Parties:

Vendor: Chan Chi Sum, who is not connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates as defined in the Listing Rules. Purchaser: Computer And Technologies Distribution (BVI) Limited, which is a wholly owned subsidiary of the Company.

Shares to be acquired:

10,000 ordinary shares of US$1.00 each in the capital of BVICO (being 100% of its entire issued and allotted share capital). Apart from its interest in its wholly controlled subsidiary company Merry Bond Investment (HK) Limited ("Subsidiary"), BVICO has no other assets.

Consideration:

HK$15,000,000 ("Consideration"), subject only to certain downward adjustments based on the amount of liabilities of BVICO and Subsidiary incurred up to and including the date of completion, post-completion failure to collect book debts and account receivables (all on a dollar for dollar basis), and certain reductions based the actual net profits of BVICO and Subsidiary for the four month period ending 31 December, 1998 ("Net Profits") and the actual gross profits of orders taken but unfulfilled as at 31 December, 1998 ("Backlogged Profits") (such reductions to be calculated in accordance with certain formula depending upon the actual level of such profits and will be made if either Net Profit or the aggregate of Net Profits and Backlogged Profits are less than HK$4,500,000 and HK$6,300,000 respectively.

The Consideration is agreed at after arm's length negotiations and is calculated with reference to the unaudited net asset value figure of Subsidiary as at 31 August 1998 of HK$3,000,000, the Net Profits being at least HK$4,500,000 or the aggregate of Net Profits and Backlogged Profits being at least HK$6,300,000, and a P/E ratio of 2.0.

Completion:

Completion of the Agreement ("Completion") is conditional upon, inter alia, the Purchaser being satisfied with the results of its enquiries into the financial, corporate, taxation, contractual, property and trading positions and prospects of BVICO and Subsidiary, and is scheduled to take place on 16 November, 1998.

Payment terms:

The Consideration is to be paid from existing internal working capital and by four instalments:

(a) 25% of the Consideration upon Completion;

(b) 25% of the Consideration following Completion will only be paid upon the Vendor having procured the Company, BVICO or Subsidiary to take the necessary steps to obtain "Gold Partner" status (as described below) with Cisco Systems, Inc. of the USA (a worldwide prestigious computer network supplier) ("CISCO");

(c) 25% of the Consideration upon Completion to be kept by BVICO as a stakeholder pending release of the audited consolidated financial statements of BVICO as at 31December, 1998 (which are to be prepared on or before 31 March, 1999) and subject to deductions made pursuant the price adjustment methods as explained above; and

(d) 25% of the Consideration after the earlier of the exercise or lapse of the Option (see below).

Other Terms:

The Vendor grants an option ("Option") to the Purchaser to sell up to 25% of the shares of BVICO to the Vendor for a consideration based on the actual percentage sold multiplied by the Consideration. The Option is exercisable at any time from Completion to 31 October, 1999. In addition, the Purchaser has the right to sell ("Right to Sell") up to 25% of the shares of BVICO to the Vendor should the Net Profits, or the aggregate of the Net Profits and the Backlogged Profits be less than HK$2,500,000 and HK$3,500,000 respectively. The consideration payable upon the exercise of the Right to Sell is based on the actual percentage sold multiplied by the Consideration multiplied by 1.05 (which was agreed by the parties on the basis of current bank deposit interest rates). The Option and the Right to Sell are independent of each other and the exercise of either does not affect the right to exercise the other. A further announcement will be made by the Company if the Option or the Right to Sell is exercised or not exercised and disclosure will be made in the following annual report of the Company.

On completion of the Agreement, the Vendor will be appointed as a director of and enter into a Director’s Service Agreement with BVICO for an initial term of three years.

INFORMATION ON BVICO AND SUBSIDIARY

BVICO (which was incorporated in the British Virgin Islands on 22 September, 1998) acts as a holding company for Subsidiary (which was incorporated in the Hong Kong SAR on 15 January, 1997). Apart from the ordinary shares issued by Subsidiary which entitle the holder to vote and to a distribution of profits (and which are wholly beneficially owned by BVICO), there are issued non-voting deferred shares beneficially owned by the Vendor. The non-voting deferred shares do not entitle the holders to vote nor receive income distributions. On a return of assets on a winding up of Subsidiary, the holders of the non-voting deferred share are only entitled to a return of one half of any surplus amount exceeding HK$100 trillion.

Subsidiary is principally engaged in the computer network integration business in the People’s Republic of China (the "PRC"). It is one of the major network integrators for CISCO in the PRC. Subsidiary obtained "Silver Partner" business status from CISCO on 17 July, 1998 (which entitles Subsidiary to sales discounts and favourable credit terms from CISCO) and has four CISCO certified inter-network experts ("CCIE's") registered under its name. CISCO approval is not required for the Agreement in order to retain "Silver Partner" status.

Subsidiary also has established relationships with independent businesses located in Beijing, Shanghai, and Shenzhen to which Subsidiary sells. The independent businesses conduct sales and provide technical support in these areas. Subsidiary did not earn any profits during the financial year commencing from incorporation and ending on 31 December, 1997 as it was dormant during that period and did not commence business operations until January, 1998. The unaudited net asset value of Subsidiary as at 30 September, 1998 was approximately HK$3,500,000.

REASONS FOR THE TRANSACTION

The Company is principally engaged in the business of systems integration and the provision of related technical services in Hong Kong and the PRC. The Acquisition will enable the Company to enlarge its network integration businesses and strengthen its technical resources. The Acquisition will qualify the Company to apply for "Gold Partner" business status with CISCO which will further enhance its existing business partnership with CISCO. Gold Partner is the highest business partner status of CISCO offering the most favourable terms and conditions and in turn requires the reseller to obtain the most knowledgeable technical know-how (the number of CCIE's being an important criteria) and to provide the highest level of support for CISCO customers. The Acquisition will enable the Company to meet the fast growing demand in network infrastructure in the PRC. Thus, the Directors believe that the Acquisition is in the best interests of the Company.

GENERAL

The Acquisition is a discloseable transaction for the Company under the Listing Rules. A circular containing information on the Agreement will be despatched to the shareholders of the Company as soon as practicable.

By the Order of the Board

C.S Ng

Chairman

Hong Kong, 3 November, 1998