THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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computer technologies

COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 46)

DISCLOSEABLE TRANSACTION

20 July 2006

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

"Acquisition"	the acquisition of the Sale Shares from the Vendor;
"Board"	the board of directors of the Company;
"Class A Shares"	ordinary shares of US$0.01 each in the capital of Global e-Business designated as Class A Shares, which entitle the shareholders to have one vote in the general meeting for every Class A Share held;
"Class B Shares"	shares of US$0.01 each in the capital of Global e-Business designated as Class B Shares, which entitle the shareholders to have one-tenth of a vote in the general meeting for every Class B Share held;
"Company"	Computer And Technologies Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
"Completion"	completion of the sale and purchase of the Sale Shares which has already taken place on the date of the Sale and Purchase Agreement;
"Consideration"	the total consideration for the Sale Shares, being HK$23.4 million;
"Global e-Business"	Global e-Business Services (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company whose issued share capital was owned as to 80% (which represented approximately 98% of the voting power) by the Company and 20% (which represented approximately 2% of the voting power) by the Vendor prior to Completion;
"Group"	the Company and its subsidiaries;
"Independent Third Party(ies)"	party(ies) who is/are independent of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries (other than Global e-Business) or any of their respective associates (as defined in the Listing Rules) and not connected person(s) (as defined in the Listing Rules) of the Company;

"Latest Practicable Date"	18 July 2006, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Purchaser"	Jensco International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
"Sale and Purchase Agreement"	the sale and purchase agreement dated 29 June 2006 between the Vendor, the Purchaser and the Company in relation to the Acquisition;
"Sale Shares"	40,000 Class B Shares;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholders"	shareholders of the Company;
"Shareholders' Agreement"	a shareholders' agreement dated 18 June 2004 entered into between the Company, the Vendor, Computer And Technologies International Limited, Computer And Technologies e-Services (BVI) Limited and Global e-Business;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"Vendor"	The China Fund, Inc., a company incorporated in the State of Maryland, United States of America, whose shares are publicly quoted on the New York Stock Exchange, Inc. under the code of "CHN".

COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 46)

Executive Directors:
Ng Cheung Shing *(Chairman)*
Leung King San, Sunny
Ma Mok Hoi

Independent non-executive Directors:
Ha Shu Tong
Lee Kwok On, Matthew, Ph.D
Ting Leung Huel, Stephen

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and Principal place of business in Hong Kong:
30th Floor
MLC Millennia Plaza
663 King's Road
North Point
Hong Kong

20 July 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

Reference is made to the announcement issued by the Company dated 29 June 2006 relating to the acquisition of the Sale Shares from the Vendor.

It was announced that on 29 June 2006, the Company, the Vendor and the Purchaser entered into the Sale and Purchase Agreement for the acquisition of the Sale Shares by the Purchaser from the Vendor for the consideration of HK$23.4 million. The consideration will be paid in cash which will be funded by the Group's internal resources.

The Board believes the terms of the Sale and Purchase Agreement were fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Board confirms that the Consideration has been determined after arm's length negotiations between the parties.

The transaction contemplated under the Sale and Purchase Agreement constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide the Shareholders with information in relation to the Acquisition in compliance with the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date:	29 June 2006
Purchaser:	Jensco International Limited, a wholly-owned subsidiary of the Company
Vendor:	The China Fund, Inc.
Guarantor:	The Company

Pursuant to the Sale and Purchase Agreement, the Purchaser has purchased the Sale Shares, representing the 20% of the issued share capital of Global e-Business and approximately 2% of the voting rights in the general meetings of Global e-Business, at a consideration of HK$23.4 million.

Since the Vendor was entitled to approximately 2% of the voting rights in the general meetings of Global e-Business, the Vendor was not a substantial shareholder (as defined in the Listing Rules) of Global e-Business and hence was not a connected person (as defined in the Listing Rules) of the Company. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Consideration and payment terms

The consideration payable by the Purchaser under the Sale and Purchase Agreement was HK$23.4 million, to be paid in cash in the following manner:

1. an amount of HK$11.7 million (equivalent to 50% of the Consideration) will be paid on a date falling one month after Completion; and

2. an amount of HK$11.7 million (equivalent to the remaining 50% of the Consideration) will be paid on a date falling two months after Completion.

The Consideration will be funded by the Group's internal resources.

The consideration for the Acquisition has been arrived at after arm's length negotiation between the parties taking into consideration the original consideration of HK$23,400,000 paid by the Vendor when it initially subscribed for the Sale Shares in 2004 and certain rights that the Vendor has under the Shareholders' Agreement as mentioned in the section headed "Reasons for the Acquisition" of this circular.

Completion of the Sale and Purchase Agreement

Completion of the Sale and Purchase Agreement took place immediately after the signing of the Sale and Purchase Agreement on 29 June 2006.

INFORMATION ON GLOBAL E-BUSINESS

Global e-Business is a company incorporated in January 2000. Global e-Business and its subsidiaries, as members of the Group, are principally engaged in the business of providing on-line e-Government and e-business platforms and related business process outsourcing services ("e-Service").

The audited consolidated net assets of Global e-Business as at 31 December 2004 and 31 December 2005, were approximately HK$31.98 million and HK$26.55 million, respectively.

The audited consolidated net loss (before and after taxation and extraordinary items) of Global e-Business for the financial year ended 31 December 2004 and 31 December 2005 were HK$10.26 million and HK$5.42 million respectively.

Prior to completion of the Acquisition, the shareholdings of Global e-Business are as follows:

Name of shareholder	No. and class of shares in Global e-Business	Percentage of issued share capital in Global e-Business	Percentage of voting right in Global e-Business
Computer And Technologies e-Services (BVI) Limited *(note)*	160,000 Class A Shares	80%	98%
The Vendor	40,000 Class B Shares	20%	2%

Prior to the completion of the Acquisition and notwithstanding the Company's then interest in 80% of the equity of Global e-Business, the assets and liabilities, income and expenses of Global e-Business had been 100% accounted for in the Group's consolidated financial statements in accordance with Hong Kong Accounting Standard. Upon completion of the Acquisition, the Company will be interested in 100% of the equity of Global e-Business and the assets and liabilities, income and expenses of Global e-Business will remain 100% accounted for in the Group's consolidated financial statements in accordance with Hong Kong Accounting Standard.

Note: Computer And Technologies e-Services (BVI) Limited is a wholly-owned subsidiary of the Company.

REASONS FOR THE ACQUISITION

In light of the emerging business opportunities and potential for further development of the e-Service business beyond the current scope of business of Global e-Business, in the views of the Directors, the Acquisition will provide more flexibility to the Group to vertically develop the e-Service business as the operation of Global e-Business will no longer be subject to the veto power of the Vendor. The Group will therefore be able to enjoy the potential synergy arising from such better utilisation of resources as well as better leverage of the complementary strengths of its subsidiaries. This will in turn create more value to the Shareholders. Having considered the benefits to be derived from the Acquisition and certain rights, including but not limited to, the adjustment right to require the issue of additional shares by Global e-Business, exchangeable right for shares in the Company and certain veto rights, that the Vendor had under the Shareholders' Agreement, the Directors (including the independent non-executive Directors) also believe that the terms of the Acquisition, including the Consideration, are fair and reasonable, have been entered into on normal commercial terms and in the best interest of the Company and the Shareholders as a whole.

Pursuant to the adjustment right to require the issue of additional shares, under the Shareholder's Agreement, Global e-Business has the obligation either to issue additional number of Class B Shares at nominal value or to pay cash, subject to a maximum amount of approximately HK$14 million, to the Vendor if Global e-Business has failed to achieve the agreed threshold profit level in the financial year ending 31 December 2006.

Pursuant to the exchangeable right under the Shareholders' Agreement, the Company has the obligation either to exchange the Sale Shares into the Company's shares or to pay cash, subject to a maximum amount of approximately HK$23.4 million to the Vendor in the event that Global e-Business has not effected an initial public offering of its shares in an agreed period of time and Global e-Business has failed to achieve the agreed threshold profit level in the financial year ending 31 December 2006.

FINANCIAL EFFECTS OF THE ACQUISITION

Other than the incidental transaction cost consisting of legal fees and other administrative costs of approximately HK$150,000, the Acquisition will cause the Company to pay out from its internal resources HK$23.4 million for the settlement of the Consideration and release the Company from financial liabilities to the same amount, representing the original consideration paid by the Vendor when it subscribed for the Sale Shares of Global e-Business. The Acquisition does not generate any profit or loss to the Company.

Further details of the above-mentioned adjustment right and exchangeable right are set out in the circular of the Company dated 30 June 2004 and note 29 to the financial statements contained in the Company's annual report 2005.

Upon completion of the Acquisition, the rights and obligations of each of the parties to the Shareholders' Agreement (including but not limited to the adjustment right and the exchangeable right as mentioned above) was cancelled and terminated and ceased to be binding upon each of them.

The Company does not arrive any concrete plan on the initial public offering of the shares of Global e-Business and has not obtained any advice from investment bank in respect thereof at the date of this circular.

INFORMATION ON THE GROUP

The Group is an information technology service provider involved in the design, delivery and operation of information technology solutions and services.

INFORMATION ON THE VENDOR

The Vendor is an investment fund principally engaged in the business of investment in companies with significant business interests in the Greater China to achieve long-term capital appreciation.

GENERAL

The transaction contemplated under the Sale and Purchase Agreement constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
the board of Directors of
Computer And Technologies Holdings Limited
Ng Cheung Shing
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading.

DIRECTORS' DISCLOSURE OF INTERESTS

(a) Apart from the interests of the Directors in the share options of the Company which are separately disclosed in (b) below, as at the Latest Practicable Date, the interest and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required 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 he is taken or deemed to have under such provisions of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (together the "Discloseable Interest") are as follows:

Long positions in ordinary shares of the Company:

Name of Director	**Number of Shares held**	**Capacity**	**Approximate percentage of issued share capital of the Company**
Ng Cheung Shing	2,032,000	Beneficial owner	0.75%
Ng Cheung Shing *(note 1)*	110,000,000	Interest of a controlled corporation	40.82%
Leung King San, Sunny	810,000	Beneficial owner	0.30%
Ma Mok Hoi	209,000	Beneficial owner	0.08%

Long positions in shares of associated corporations of the Company:

Name of Director	Name of associated corporation	Relationship with the Company	Class of shares	Number of shares and capital and capacity		Percentage of the associated corporation's issued share capital
				Beneficial owner	Interest of a controlled corporation	
Ng Cheung Shing	Computed And Technologies International Limited	Company's subsidiary	Non-voting deferred	1,750,000	3,250,000 *(note 2)*	N/A
Ma Mok Hoi	Maxfair Technology Holdings Limited	Company's subsidiary	Ordinary	25	–	25%

Notes:

1. The 110,000,000 shares were held by Chao Lien Technologies Limited ("Chao Lien"). Mr. Ng Cheung Shing was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of C.S. (BVI) Limited which, in turn, was entitled to exercise or control the exercise of or control the exercise of one-third or more of the voting power at general meetings of Chao Lien. Accordingly, Mr. Ng Cheung Shing was deemed, under the SFO, to be interested in all shares held by Chao Lien.

2. The 3,250,000 non-voting deferred shares were held by Chao Lien.

(b) As at the Latest Practicable Date, the Directors had personal interests in share options granted under the Company's employee share option scheme as follows:

Directors	Number of share options and underlying shares of the Company	Exercise period	Exercise price	Percentage of issued share capital of the Company
Ng Cheung Shing	300,000	1 March 2005 to 31 August 2009	1.128	0.11%
Leung King San, Sunny	200,000	1 March 2005 to 31 August 2009	1.128	0.07%
Ma Mok Hoi	150,000	1 March 2005 to 31 August 2009	1.128	0.06%
Ha Shu Tong	100,000	1 March 2005 to 31 August 2009	1.128	0.04%
Lee Kwok On, Matthew	100,000	1 March 2005 to 31 August 2009	1.128	0.04%
Ting Leung Huel, Stephen	100,000	1 March 2005 to 31 August 2009	1.128	0.04%

Save as disclosed in (a) and (b) above, as at the Latest Practicable Date, none of the Directors had any Discloseable Interest.

(c) Save as disclosed herein, none of the Directors or proposed directors of the Company is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed in the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(d) None of the Directors has a service contract with any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associate(s) has any interest in a business apart from the Group's business which competes or likely to complete, either directly or indirectly, with the Group's business.

INTERESTS OF SHAREHOLDERS

Save as disclosed herein, as at the Latest Practicable Date, as far as is known to the Directors and the chief executive of the Company, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or who are 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 member of the Group:–

Interest in the Company

Substantial Shareholders	Capacity	Number of ordinary shares	Percentage of the issued share capital
Chao Lien Technologies Limited	Beneficial owner	110,000,000 *(note 1)*	40.8%
C.S. (BVI) Limited	Interest of a controlled corporation	110,000,000 *(note 1)*	40.8%
Puttney Investments Limited ("PIL")	Beneficial owner	29,148,938 *(note 2)*	10.8%
Hutchison International Limited ("HIL")	Interest of a controlled corporation	29,148,938 *(note 2)*	10.8%
Hutchison Whampoa Limited ("HWL")	Interest of a controlled corporation	29,148,938 *(note 2)*	10.8%
Cheung Kong (Holdings) Limited ("CKH")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.8%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.8%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.8%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.8%
Li Ka-Shing	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.8%
Hui Yau Man	Beneficial owner	26,782,000	9.9%

Notes:

1. The interest was also disclosed as an interest of Mr. Ng. Cheung Shing in the section headed "Directors' disclosure of interest" in this Appendix to this circular.

2. PIL is a wholly-owned subsidiary of HIL, which in turn is a wholly-owned subsidiary of HWL. By virtue of the SFO, HWL and HIL were deemed to be interested in the 29,148,938 shares of the Company held by PIL.

3. Li Ka-Shing Unity Holdings Limited ("TUHL"), of which each of Li Ka-Shing, Li Tzar Kui, Victor and Li Tzar Kai, Richard, is interested in one-third of its entire issued share capital, owns the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH. Subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

   In addition, TUHL also owns the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in The Li Ka-Shing Unity Trust.

   By virtue of the SFO, each of Li Ka-Shing, being the settler and being regarded as a founder of DT1 and DT2, TDT1, TDT2, TUT1 and CKH were deemed to be interested in the 29,148,938 shares of the Company held by PIL.

Save as disclosed above, as at the Latest Practicable Date, no other person has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who is 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 member of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or claim 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.

GENERAL

(i) The English language text of this document shall prevail over the Chinese language text.

(ii) The Secretary of the Company and the qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Cheung Siu Yiu, who is a practising member of the Hong Kong Institute of Certified Public Accountants and is also a member of the Institute of Chartered Accountants in England & Wales, and is a fellow member of the Association of Chartered Certified Accountants.

(iii) The Company's share registrars and transfer office is Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.