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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

18 December 2006

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

"2007 Audited Accounts"	Y&A's audited accounts for the financial year ending 30 June 2007 (which shall be prepared in accordance with HKGAAP)
"Acquisition"	the acquisition of the Sale Shares from the Vendors
"Board"	the board of directors of the Company
"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
"Group"	the Company and its subsidiaries
"C&T Solutions"	Computer And Technologies Solutions (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"HKGAAP"	the accounting principles generally accepted in Hong Kong and Hong Kong Financial Reporting Standards and its Interpretations issued by the Hong Kong Institute of Certified Public Accountants
"Independent Third Party(ies)"	party(ies) who is/are not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) and not connected person(s) of the Company as defined in the Listing Rules
"Individual Share Proportions"	in respect of each of the Individual Vendors, the proportion as equal the percentage which the number of Sale Shares to be sold by such Individual Vendor under the Sale and Purchase Agreement bears to the total number of Sale Shares to be sold by all the Individual Vendors under the Sale and Purchase Agreement
"Individual Vendors"	Cheung Wai Lam, Chow Chan Wai, Wong Ying Kit, and Chan Pak Kei, Bernard

"Latest Practicable Date"	13 December 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
"Management Team"	key management of Y&A, namely Cheung Wai Lam Chow Chan Wai, Wong Ying Kit and Chan Pak Kei, Bernard
"Sale and Purchase Agreement"	the sale and purchase agreement dated 24 November 2006 between C&T Solutions and the Vendors in relation to the Acquisition
"Sale Shares"	the 10,000 issued ordinary shares of US$1.00 each in Waywin to be acquired by C&T Solutions under the Sale and Purchase Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share"	the issued share of US$1.00 each in Waywin
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	Individual Vendors and Kay Power Limited, a company incorporated in Hong Kong with limited liability
"Waywin"	Waywin Limited, a company incorporated in the British Virgin Islands with limited liability
"Y&A"	Y&A Professional Services Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Waywin



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

18 December 2006

DISCLOSEABLE TRANSACTION

To the Shareholders

Dear Sir or Madam,

INTRODUCTION

Reference is made to the announcement issued by the Company dated 24 November 2006 relating to the acquisition of the Sale Shares from the Vendors.

It was announced that on 24 November 2006, C&T Solutions, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors in relation to the acquisition of the entire issued share capital of Waywin at an initial consideration of approximately HK$2,355,000 and subject to the satisfaction of certain conditions as described in this circular, an additional consideration of HK$4,675,000. The total consideration for the Acquisition will in any event not exceed approximately HK$7,030,000.

The consideration has been and will be paid in cash which was and will be funded by the Group's internal resources.

The Board (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, are 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 ACQUISITION

Principal Terms of the Sale and Purchase Agreement

Date: 24 November 2006

Purchaser: C&T Solutions

Vendors: the several shareholders of Waywin

Pursuant to the Sale and Purchase Agreement, C&T Solutions has purchased the Sale Shares, representing the entire issued capital of Waywin, at a total consideration of not more than HK$7,030,000. The Sale Shares are not subject to any pre-emptive rights. Although the shares of Y&A consist certain pre-emptive rights, according to the articles of association of Y&A, the transfer of shares of its shareholders, i.e. Waywin, is not subject to such pre-emptive rights.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners are Independent Third Parties and there are no prior relationships or transactions between Waywin/Y&A and the Group.

Consideration and payment terms

The total maximum consideration payable by C&T Solutions under the Sale and Purchase Agreement is approximately HK$7,030,000, and such consideration has been paid or, subject to certain conditions as described below, will be paid in the following manner:

1. an amount of approximately HK$2,355,000 initial consideration was paid in cash to the Vendors at Completion; and

2. an additional consideration calculated in accordance with the formula specified below (subject to a maximum amount of HK$4.675 million), will be paid to the Individual Vendors in proportion to the Individual Share Proportions:

   additional consideration = Part One Sum + Part Two Sum, and

Part One Sum	=	75% x (higher of (a) HK$0 or (b) ANPAT07 minus HK$1.1 million) (subject to a maximum amount of HK$675,000)
Part Two Sum	=	40% x (higher of (a) NAV07 or (b) 5 x ANPAT07) (subject to a maximum amount of HK$4,000,000)

where:

(i) NAV07 is the net asset value of Y&A as reported in the 2007 Audited Accounts;

(ii) ANPAT07 is the audited net profit after tax as reported in the 2007 Audited Accounts but before any provision and/or write-off against amounts due from affiliated companies of Y&A.

The payment of Part One Sum is subject to (a) all accounts receivables to be recorded in the 2007 Audited Accounts shall have been collected within 1 month after the date of issuance of the 2007 Audited Accounts; and (b) all members of the Management Team remain employed by Y&A or the Group on the 45th day following the date of issuance of the 2007 Audited Accounts and none of them has committed any breach of their respective service agreements.

Subject to the satisfaction of the conditions set out above, the Part One Sum shall be satisfied by C&T Solutions paying to the Individual Vendors, in proportion to their respective Individual Share Proportions, in cash a total sum equivalent to the Part One Sum on the 45th day following the date of issuance of the 2007 Audited Accounts.

The Part Two Sum shall be deemed satisfied by C&T Solutions, at its sole discretion, by either one of the following arrangements:

(A) paying in cash to each Individual Vendor a sum equivalent to the Part Two Sum multiplied by their respective Individual Share Proportions at the end of the third month after 2007 Audited Accounts has been issued; or

(B) transferring to the Individual Vendors 4,000 Shares at no cost in proportion to the Individual Share Proportions at the end of the third month after 2007 Audited Accounts has been issued.

In the event C&T Solutions exercises its discretion to satisfy the Part Two Sum by transferring to the Individual Vendors 4,000 Shares, the Company will become interested in 60% of the entire issued share capital of Waywin. After such transfer, Waywin and Y&A will continue be accounted for as subsidiaries of the Company and will continue be consolidated into the accounts of the Group.

The initial consideration and the additional consideration (if any) as described above 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 of the net asset value and the on-hand contracts together with the existing customer base of Y&A as at 30 September 2006. The on-hand contracts (including but not limited to contracts with certain Hong Kong Government departments and related bureau and reputable commercial organisations) as at 30 September 2006 was worth approximately HK$5.6 million.

The additional consideration as described above is a discretionary threshold arrived between C&T Solutions and the Vendors to measure the value of the business of Y&A. Since the consideration for the Sale Shares has been determined on the basis of the net asset value of Y&A, the mechanism involved in the additional consideration will allow the parties to partly factor the extra value of the business in the event Y&A is performing better than the expectation of C&T Solutions into the consideration.

Completion of the Acquisition

Completion of the Sale and Purchase Agreement took place immediately after the signing of the Sale and Purchase Agreement on 24 November 2006.

After completion of the Acquisition, the Company is now interested in the entire issued capital of Waywin and Waywin and Y&A will be accounted for as subsidiaries of the Company and will be consolidated into the accounts of the Group.

INFORMATION ON WAYWIN AND Y&A

Waywin is a company incorporated in the British Virgin Islands on 12 October 2006. At present, the authorised share capital of Waywin is US$50,000 and its issued share capital is US$10,000. Waywin is interested in 99.993% of the entire issued share capital of Y&A. Apart from holding 99.993% of the entire issued share capital of Y&A, Waywin has no other business.

Y&A is a company incorporated in Hong Kong on 8 November 1994. At present, the authorised share capital of Y&A is HK$5,100,000 and its issued share capital is HK$2,168,500. The principal activities of Y&A are the provision of information technology ("IT") solutions and consultation services in Hong Kong. Y&A's customers include certain Hong Kong Government departments and related bureaus and reputable commercial organisations.

The unaudited and unconsolidated net assets of Waywin as at 23 November 2006 was HK$6.4 million and the unaudited and unconsolidated net profit before and after taxation and extraordinary items of Waywin for the period from its date of incorporation to 23 November 2006 was nil.

The audited net assets of Y&A as at 30 June 2005 and 30 June 2006, were approximately HK$5.4 million and HK$5.0 million, respectively.

The audited net profit before and after taxation and extraordinary items, of Y&A for the financial year ended 30 June 2005 were HK$1.0 million and HK$1.0 million respectively and the audited consolidated net loss before and after taxation and extraordinary items of Y&A for the financial year ended 30 June 2006 were HK$0.4 million and HK$0.4 million respectively.

The financial figures of Waywin and Y&A were prepared in accordance with HKGAAP.

REASONS FOR THE ACQUISITION

The Company considers the Acquisition will enlarge the Group's IT solutions services business and enable the Group to achieve a better economies of scale.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

The Directors consider that the Acquisition will not cause any adverse impact on the working capital or gearing ratio of the Group. The Directors also consider that the Acquisition will have no material financial impact on the earnings and assets and liabilities of the Group.

INFORMATION ON THE GROUP

The Group is one of the leading IT service providers in the region involved in the design, delivery and operations of total IT solutions that meet customers' business requirements.

INFORMATION ON THE VENDORS

Each of the Vendors is an Independent Third Party and the Individual Vendors are currently members of the Management Team who are in charge of the business development and delivery of IT solutions and consultation services of Y&A.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Kay Power is an investment holding company with investment in Y&A and other private companies not related to the Group and each of the directors of Kay Power is an Independent Third Party.

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 of the Company held**	**Capacity**	**Approximate percentage of issued share capital of the Company**
Ng Cheung Shing	2,032,000	Beneficial owner	0.8%
Ng Cheung Shing *(note 1)*	110,000,000	Interest of a controlled corporation	41.1%
Leung King San, Sunny	810,000	Beneficial owner	0.3%
Ma Mok Hoi	209,000	Beneficial owner	0.1%

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

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 of the Company**	**Percentage of the issued share capital**
Chao Lien Technologies Limited	Beneficial owner	110,000,000 *(note 1)*	41.1%
C.S. (BVI) Limited	Interest of a controlled corporation	110,000,000 *(note 1)*	41.1%
Puttney Investments Limited ("PIL")	Beneficial owner	29,148,938 *(note 2)*	10.9%
Hutchison International Limited ("HIL")	Interest of a controlled corporation	29,148,938 *(note 2)*	10.9%
Hutchison Whampoa Limited ("HWL")	Interest of a controlled corporation	29,148,938 *(note 2)*	10.9%
Cheung Kong (Holdings) Limited ("CKH")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.9%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.9%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.9%
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.9%
Li Ka-Shing	Interest of a controlled corporation	29,148,938 *(notes 2, 3)*	10.9%
Hui Yau Man	Beneficial owner	26,782,000	10.0%

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, no member of the Group 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.