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COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 46)

ANNOUNCEMENT
DISCLOSEABLE TRANSACTION

The Directors are pleased to announce that on 9th June, 2004, C&T, the Investor and Global e-Business entered into the Subscription Agreement for the subscription by the Investor of the Subscription Shares for the consideration of HK$23.4 million. At Completion, the Company, C&T, the Investor and Global e-Business will enter into the Shareholders Agreement to provide for their rights and obligations in respect of Global e-Business.

The Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the transaction is expected to be despatched to the Company's shareholders as soon as practicable.

1. SUBSCRIPTION AGREEMENT

(a) Parties

C&T, the Investor and Global e-Business entered into the Subscription Agreement on 9th June, 2004.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Investor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

(b) Subscription Shares

The Subscription Shares (i.e., 40,000 Class B Shares, representing 20% of the issued share capital of Global e-Business as enlarged by the Subscription and approximately 2% of the voting rights in the general meetings of Global e-Business) will be subscribed by the Investor.

As at the date of this announcement, the entire issued share capital of Global e-Business is beneficially owned by C&T. It is contemplated that by Completion, the share capital of Global e-Business will be classified into (i) ordinary shares of US$0.01 each to be designated as Class A Shares; and (ii) Class B Shares, of which all the issued Class A Shares will be beneficially owned by C&T, and 40,000 Class B Shares will at Completion be issued to the Investor. After Completion, the issued share capital of Global e-Business will be owned as to

80% by C&T and 20% by the Investor, and Global e-Business will continue to be a subsidiary of the Company. Because of the voting rights attached to the Class B Shares (details of which are set out below), the Investor will be entitled to approximately 2% of the voting rights in the general meetings of Global e-Business, and will not be a substantial shareholder (as defined in the Listing Rules) of Global e-Business, and hence will not be a connected person (as defined in the Listing Rules) of the Company.

The Subscription Shares, when issued and fully-paid, shall rank pari passu in all respects with the existing issued ordinary shares in the capital of Global e-Business except that each holder of Class B Shares shall at any general meeting of Global e-Business have one-tenth of a vote for every Class B Share registered in its name in the register of members of Global e-Business and that each Class B Share shall automatically be converted into one Class A Share upon an initial public offering of the shares of Global e-Business. After such conversion, the Investor will continue to own 20% of the then issued share capital of Global e-Business but its voting rights will increase to 20% of the voting rights in the general meetings of Global e-Business.

Global e-Business currently has no concrete plan on when or where to proceed with its initial public offering, but intends to effect an initial public offering when the Company considers that the performance of Global e-Business and market conditions are optimum and appropriate. As and when appropriate Global e-Business will appoint investment banks to assess its value and the feasibility of an initial public offering. As soon as practicable after a positive report from such investment banks has been received, Global e-Business will take such steps as may be necessary to proceed with the initial public offering. If and when Global e-Business proceeds with the initial public offering, the Company and Global e-Business will ensure that the relevant requirements of the Listing Rules then applicable to such initial public offering will be complied with.

(c) Consideration

HK$23.4 million to be paid in cash by the Investor to Global e-Business (i.e. equivalent to HK$585 per Subscription Share) at Completion.

The subscription price for the Subscription was agreed as a matter of commercial decision and was determined by the parties after arm's length negotiations based on various considerations including the operation history and track records of Global e-Business in providing solution and services in electronic platforms to government and commercial customers and a customer contract secured by Global e-Business relating to the provision of Government Electronic Trading Services (the "**Business Contract**"). The Directors believe that the Business Contract enables Global e-Business to be positioned as one of the only two providers of government trade declaration services in Hong Kong.

(d) Completion

Completion will, as is currently intended, take place after the resolution of Global e-Business's shareholders approving the classification of the share capital of Global e-Business into Class A Shares and Class B Shares is effected, and is expected to take place by 15th June, 2004 (or such later date as the parties may agree). Otherwise, the Subscription Agreement shall, subject to the liability of any party to the others in respect of any antecedent breaches of the terms thereto, be null and void and of no effect.

2. SHAREHOLDERS AGREEMENT

(a) Parties

The Company, C&T, the Investor and Global e-Business will at Completion enter into the Shareholders Agreement to provide for their rights and obligations in respect of Global e-Business.

(b) Issue of additional shares by Global e-Business

Under the Shareholders Agreement, if Global e-Business issues shares to other investor(s) for a consideration which is effectively below the subscription price for the Subscription, Global e-Business will then issue to the Investor an additional number of Class B Shares by reference to the difference between the new issue price and the subscription price for the Subscription. If and when Global e-Business issues shares to such other investor(s) and hence such additional Class B Shares to the Investor, the Company will ensure that the relevant and applicable requirements of the Listing Rules will be complied with.

Global e-Business will further grant to the Investor an option, exercisable in the event that the audited consolidated after-tax net profit of Global e-Business for the year ending 31st December, 2006 does not meet an agreed threshold of approximately HK$10.5 million (which threshold was determined with reference to the number of Hong Kong import/export trade declarations which may impact on the volume of the business of providing on-line e-Government services by Global e-Business) to require Global e-Business to:

(i) issue an additional number of Class B Shares to the Investor. The number of such additional Class B Shares will be determined by reference to the then net profit of Global e-Business, subject to a maximum number such that the Investor will not be interested in more than 49.9% of the then enlarged issued share capital of Global e-Business, and Global e-Business will remain as a subsidiary of the Company; or

(ii) pay to the Investor an amount in cash to be calculated by reference to the then net profit of Global e-Business, subject to a maximum amount of approximately HK$14 million. Computer And Technologies International Limited, which is a wholly-owned subsidiary of the Company, will guarantee to the Investor in the Shareholders Agreement the performance of the relevant payment obligations of Global e-Business.

Global e-Business has the right to elect whether it will allot additional Class B Shares as set out in (i) above or make payment to the Investor as set out in (ii) above.

If and when Global e-Business issues shares to the Investor, the Company will ensure that the relevant and applicable requirements of the Listing Rules will be complied with.

(c) Exchangeable rights

Under the Shareholders Agreement, in the event that:

(i) Global e-Business has not effected an initial public offering of shares before 30th April, 2007 and the audited consolidated after-tax net profit of Global e-Business for the year ending 31st December, 2006 does not meet an agreed threshold of approximately HK$10.5 million; or

(ii) Global e-Business has not effected an initial public offering of shares before 31st December, 2008; or

(iii) Global e-Business has obtained firm and positive advice from not less than two reputable investment banks in respect of an initial public offering but does not proceed with the offering; or

(iv) Global e-Business or any of its subsidiaries is being liquidated,

the Investor may require the Company to effectively, at the discretion of the Company, either exchange the Subscription Shares into the Company's shares, based on the average market price of the Group's shares for the 30 trading days before the Investor exercises its right, or pay to the Investor an amount in cash, in respect of (i), (ii) and (iv), equal to the subscription price for the Subscription (i.e. HK$23.4 million) and, in respect of (iii), an amount (calculated based on the then valuation of Global e-Business to be performed by independent investment banks to be appointed by Global e-Business) subject to a maximum amount of HK$93,000,000.

Assuming that the exchangeable rights were exercised as at the date hereof and the Company elected to fulfill its obligations by way of exchanging the Subscription Shares into the Company's shares and based on the average market price of the Company's shares of approximately HK$1.365 per share for the last 30 trading days, the Company would effectively be required to issue to the Investor, in respect of (i), (ii) or (iv), a total of approximately 17.14 million shares representing approximately 5.9% of its enlarged issued share capital, and in respect of (iii), a total of approximately 68.13 million shares, representing approximately 19.8% of its enlarged issued share capital assuming the consideration payable to the Investor amounts to HK$93,000,000.

In the event that any of the exchangeable rights set out in this paragraph 2(c) is exercised, and in particular, when the Company is to issue shares in exchange for the Subscription Shares as described above, the Company will ensure that the relevant and applicable requirements of the Listing Rules will be complied with.

(d) Certain other provisions in the Shareholders Agreement

The Shareholders Agreement will provide for the manner in which Global e-Business will after Completion be managed and operated by the parties. The board of directors of Global e-Business is expected to consist of three to five members, of which one will be nominated by the Investor.

The Company will undertake to the Investor essentially that, as long as C&T is interested in Global e-Business and for a period of 12 months after C&T ceases to be so interested, it will not, other than through Global e-Business, carry on or become interested in any business which competes with that of Global e-Business and its subsidiaries in the place where Global e-Business carries on business, and that the Group will divert to Global e-Business or its subsidiaries any relevant business opportunity it may encounter.

3. GENERAL

(a) The Group

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

(b) 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 expected to be principally engaged in the business of providing on-line e-Government and e-business platforms and related business process outsourcing services.

The audited net liabilities and the unaudited net liabilities of Global e-Business as at 31st December, 2003 and 30th April, 2004, respectively, were approximately HK$17.33 million and HK$21.25 million, respectively. C&T will, prior to Completion, convert its shareholder loan(s) of HK$35.7 million to Global e-Business into share capital of Global e-Business. No independent valuation on Global e-Business has been conducted.

Net loss (before and after taxation and extraordinary items) of Global e-Business for the financial year ended 31st December, 2002 was approximately HK$1.37 million, and net profit (before and after taxation and extraordinary items) generated by Global e-Business for the financial year ended 31st December, 2003 was approximately HK$0.23 million.

After Completion, Global e-Business will continue to be a subsidiary of the Company.

(c) The Investor

The Investor 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.

(d) Reasons for entering into the transaction

The investment of HK$23.4 million by the Investor is intended to be used to finance and accelerate the business development and expansion of Global e-Business and its subsidiaries in the provision of electronic services. The engagement of an international fund as a shareholder is expected to raise the market profile of Global e-Business which may enable and facilitate its further expansion in gaining additional market share in the provision of electronic platforms.

The transaction represents an unaudited gain of approximately HK$13.8 million in book value (taking into account the conversion of C&T's shareholder loan(s) into share capital of Global e-Business to be made before Completion) which is expected to accrue to the Group and recognised in its 2004 consolidated income statement. However, the net effect of such recognition may be affected by additional expenses of Global e-Business due to any accelerated business development.

In the Directors' opinion, Global e-Business is in its infancy stage of development in relation to the Business Contract. The Directors believe that the introduction of an international fund as a financial investor into Global e-Business is favourable to support the growth of Global e-Business and, in turn, will be beneficial to the interests of the shareholders of the Company.

The transaction has been structured by incorporating flexibilities for the parties in terms of financial arrangements so as to balance the risk-return among the Company and the Investor. In the decision process, the Directors have taken into consideration different scenarios of the possible performance of Global e-Business and the market, and have then agreed on an arm's length basis with the Investor as a matter of commercial decision on, among other things, the principal terms and conditions under the Subscription Agreement and the Shareholders Agreement.

On the basis of the above, the Directors believe that the terms of the Subscription Agreement and the Shareholders Agreement and all transactions thereunder are fair and reasonable and in the interests of the Company's shareholders as a whole.

(e) Discloseable transaction

The Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the transaction is expected to be despatched to the Company's shareholders as soon as practicable.

4. DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Business Contract"	has the meaning given to it in paragraph 1(c) of this announcement
"C&T"	Computer And Technologies International Limited and Computer And Technologies e-Services (BVI) Limited, wholly-owned subsidiaries of the Company
"Class A Shares"	ordinary shares of US$0.01 each in the capital of Global e-Business to be designated as Class A Shares
"Class B Shares"	shares of US$0.01 each in the capital of Global e-Business to be designated as Class B Shares, which will entitle the shareholders to have one-tenth of a vote in the general meeting for every Class B Shares held

"Company"	Computer And Technologies Holdings Limited, a company incorporated in Bermuda, whose shares are listed on The Stock Exchange of Hong Kong Limited
"Completion"	completion of the Subscription
"Directors"	the directors of the Company
"Global e-Business"	Global e-Business Services (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of C&T, and hence the Company, before Completion
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of The People's Republic of China
"Investor"	The China Fund, Inc., a company incorporated in the State of Maryland, United States of America, whose shares are publicly quoted on the New York Stock Exchange, Inc. under the code of "CHN"
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Shareholders Agreement"	a shareholders' agreement to be entered into between the Company, C&T, the Investor and Global e-Business at Completion
"Subscription"	the subscription by the Investor, and the issue by Global e-Business, of 40,000 Class B Shares pursuant to the Subscription Agreement
"Subscription Agreement"	the agreement dated 9th June, 2004 entered into between C&T, the Investor and Global e-Business
"Subscription Shares"	40,000 Class B Shares to be issued by Global e-Business to the Investor pursuant to the Subscription Agreement
"US$"	United Stated dollars, the lawful currency of the United States of America

By Order of the board of the Directors
Computer And Technologies Holdings Limited
Ng Cheung Shing
Chairman

The board of the Directors as at the date of this announcement comprises of:
Ng Cheung Shing (Chairman, Executive Director)
Leung King San, Sunny (Executive Director)
Ma Mok Hoi (Executive Director)
Ha Shu Tong (Independent non-executive Director)
Lee Kwok On Matthew Ph.D. (Independent non-executive Director)

Hong Kong, 9th, June, 2004

"Please also refer to the published version of this announcement in China Daily".