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COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 46)

CONNECTED TRANSACTION

The Directors are pleased to announce that on 24 August 2004, C&T International and Mr. Yan entered into the Share Option Agreement for the granting of an option by C&T International to Mr. Yan for the purchase of the Option Shares at the Exercise Price for a consideration of HK$351,000.

As at the date of this announcement, the entire issued share capital of C&T e-Services is beneficially owned by C&T International which in turn is a wholly-owned subsidiary of the Company. If Mr. Yan exercises the Option, he will be holding 6.25% of the issued share capital of C&T e-Services. Since Mr. Yan is a director of Global e-Business, an indirect 80%-owned subsidiary of C&T e-Services, he is a connected person to the Company. Therefore, the signing of the Share Option Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Option Agreement are fair and reasonable and in the interests of the Company's shareholders as a whole.

1. SHARE OPTION AGREEMENT

(a) Parties

C&T International and Mr. Yan entered into the Share Option Agreement on 24 August 2004 under which C&T International granted an option to Mr. Yan for the purchase of the Option Shares at the Exercise Price for a consideration of HK$351,000.

(b) Option Shares

The 625 shares of US$0.01 each in the capital of C&T e-Services (representing 6.25% of the issued share capital of C&T e-Services on the date of the Share Option Agreement) which are legally and beneficially owned by C&T International. C&T e-Services holds an indirect 80% interest in Global e-Business whereas the China Fund Inc. indirectly holds the remaining 20% interest in Global e-Business.

While the Option remains exercisable, C&T International shall not, without the prior written consent of Mr. Yan, sell, transfer, charge or otherwise dispose of any of the Option Shares.

After the Option has been exercised, Mr. Yan shall not in any way sell, mortgage, charge or otherwise dispose of or encumber any of the Option Shares without the prior written consent of C&T International.

(c) Consideration

The Option was granted at a consideration of HK$351,000 to be paid in cash in a lump sum by Mr. Yan to C&T International on or before 31 August 2004. Upon exercise of the Option, Mr. Yan has to pay the Exercise Price in cash to C&T International. The aggregate consideration payable by Mr. Yan is HK$3,510,000.

The consideration for the Option was agreed as a result of commercial discussion and was determined by the parties on normal commercial terms after arm's length negotiations based on the consolidated unaudited net asset value of C&T e-Services and its subsidiaries as at 31 July 2004 which was approximately HK$28.2 million.

(d) Exercise of Option

Provided that Mr. Yan remains an employee of Global e-Business (regardless of whether he will continue to be a director of Global e-Business), Mr. Yan may, at his sole discretion, exercise the Option in respect of all (but not part only) of the Option Shares at any time during the Option Period.

C&T e-Services and its subsidiaries, including Global e-Business, will continue to be subsidiaries of the Company following the transaction.

Further announcement will be made by the Company on the exercise of the Option as soon as reasonably practicable.

2. 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) Mr. Yan

Mr. Yan is a director of Global e-Business which is an indirect 80%-owned subsidiary of C&T e-Services.

(c) C&T e-Services

C&T e-Services is a company incorporated in January, 2001. Since incorporation, C&T e-Services has been a subsidiary of the Company. C&T e-Services and its subsidiaries (including Global e-Business), 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.

The consolidated unaudited net liabilities of C&T e-Services as at 31 December 2003 and the consolidated unaudited net asset value of C&T e-Services as at 31 July 2004, respectively, were approximately HK$17.16 million and HK$28.2 million, respectively. No independent valuation on C&T e-Services has been conducted.

The consolidated unaudited net loss (both before and after taxation and extraordinary items) of C&T e-Services for the financial year ended 31 December 2002 was approximately HK$1.37 million, and the consolidated unaudited net profit (both before and after taxation and extraordinary items) generated by C&T e-Services for the financial year ended 31 December 2003 was approximately HK$0.23 million.

(d) Reasons for entering into the transaction

The Option is intended to provide an incentive for Mr. Yan to further accelerate the business development and expansion of Global e-Business and its subsidiaries in the provision of electronic services.

The Group currently intends to apply the proceeds from the Option as general working capital of C&T International.

In the Directors' opinion, Global e-Business is in its infancy stage of development and it will be to the advantage of the Group to have Mr. Yan's continuing contribution. The Directors believe that the granting of the Option to Mr. Yan will help to support the growth of Global e-Business and, in turn, will be beneficial to the interests of the shareholders of the Company.

On the basis of the above, the Directors believe that the terms of the Share Option Agreement are fair and reasonable and in the interests of the Company's shareholders as a whole.

(e) Connected transaction

Since Mr. Yan is a director of a subsidiary of the Company, the signing of the Share Option Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Option Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

3. DEFINITION

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

"C&T e-Services"	means Computer And Technologies e-Services (BVI) Ltd., a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of C&T International

"C&T International"	means Computer And Technologies International Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company
"China Fund Inc."	means China Fund Inc., save as indirectly holding 20% interest in Global e-Business, is independent of the Company and its connected persons (as defined in the Listing Rules). China Fund Inc. is 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"
"Company"	means Computer And Technologies Holdings Limited, a company incorporated in Bermuda, whose shares are listed on The Stock Exchange of Hong Kong Limited
"Directors"	means the directors of the Company
"Exercise Price"	means HK$3,159,000
"Global e-Business"	means Global e-Business Services Limited, a company incorporated in Hong Kong with limited liability, is an indirect 80%-owned subsidiary of C&T e-Services
"Group"	means the Company and its subsidiaries
"HK$"	means Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	means Hong Kong Special Administrative Region of The People's Republic of China
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Yan"	means Mr. Yan King Shun, a director and the chief executive officer of Global e-Business
"Option"	means the option granted by C&T International to Mr. Yan under the Share Option Agreement
"Option Period"	means the period commencing on the date of the Share Option Agreement and ending on the earliest of (i) 30 June 2009, (ii) the date on which Mr. Yan ceases to be an employee of Global e-Business; and (iii) 30 days after the date on which C&T International has notified Mr. Yan in writing that Global e-Business or its immediate holding company has made an application to an internationally recognized stock exchange for the listing of its shares

"Option Shares"	means 625 shares of US$0.01 each in the capital of C&T e-Services legally and beneficially owned by C&T International, representing 6.25% of the issued share capital of C&T e-Services on the date of the Share Option Agreement
"Share Option Agreement"	means the share option agreement dated 24 August 2004 entered into between C&T International and Mr. Yan
"US$"	means 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:

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 (Independent non-executive Director)
Ting Leung Huel, Stephen (Independent non-executive Director)

Hong Kong, 24 August 2004

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