

CT HOLDINGS ENTERPRISES INC

Form S-4/A

September 14, 2007

As filed with the Securities and Exchange Commission on September 14, 2007

Registration No. 333-145856

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION**

Washington, D.C. 20549

**Amendment No. 1 to
FORM S-4**

**REGISTRATION STATEMENT UNDER THE
SECURITIES ACT OF 1933**

CT HOLDINGS ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

0-18718

(Primary Standard
Industrial Classification
Code Number)

75-2242792

(I.R.S. Employer Identification Number)

**CT Holdings Enterprises, Inc.
2100 McKinney Avenue, Suite 1500
Dallas, Texas 75201
(214) 750-2454**

(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

**Steven B. Solomon
CT Holdings Enterprises, Inc.
2100 McKinney Avenue, Suite 1500**

Dallas, Texas 75201
(214) 750-2454

(Address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

John C. Kirkland
Dreier Stein & Kahan LLP
1620 26th Street, Sixth Floor, North Tower
Santa Monica, California 90404
(424) 202-6050

David A. Wood
Wood & Sartain, LLP
12655 North Central Expressway, Suite 421
Dallas, Texas 75243
(972) 458-0300

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon completion of the transactions described in the enclosed prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registrant Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this information statement and prospectus is not complete and may be changed. Any representation to the contrary is a criminal offense. This information statement and prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 14, 2007

NOTICE OF ACTION BY WRITTEN CONSENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

To the Stockholders of Xcorporeal, Inc. and CT Holdings Enterprises, Inc.:

This information statement and prospectus (referred to hereinafter as the information statement) is furnished to the stockholders of Xcorporeal, Inc. and to the stockholders of CT Holdings Enterprises, Inc. (CTHE) in connection with the action taken by the written consents of the respective stockholders of Xcorporeal and CTHE with respect to the transactions contemplated in the merger agreement dated as of August 10, 2007 by and among Xcorporeal, CTHE, and its newly-formed, wholly-owned merger subsidiary, XC Acquisition Corporation. This information statement is being sent to our stockholders to comply with the requirements of Section 14(c) of the Securities Exchange Act of 1934, as amended, or Exchange Act, and Section 228(e) of the Delaware General Corporation Law, or DGCL. Except as otherwise noted, all references in this information statement to the companies, we, us, our, or the combined companies refers to the combined companies of Xcorporeal and CTHE after the effectiveness of the merger.

Pursuant to the merger agreement, the merger subsidiary of CTHE will merge with and into Xcorporeal, and with Xcorporeal being the surviving corporation and becoming a wholly-owned subsidiary of CTHE. Each share of Xcorporeal common stock outstanding immediately prior to the effective time of the merger will be converted into one share of CTHE common stock. In addition, CTHE will assume all outstanding Xcorporeal options and warrants to purchase Xcorporeal common stock.

There is currently no public market for Xcorporeal common stock. CTHE common stock is traded on the OTC Bulletin Board under the symbol CTHE. Following the merger, it is anticipated that the combined companies common stock will continue to trade on the OTCBB.

Upon effectiveness of the merger, CTHE will change its name to Xcorporeal, Inc. and its certificate of incorporation and bylaws will be amended and restated to read substantially as Xcorporeal's immediately prior to the merger. Xcorporeal's certificate of incorporation will be amended to change its name to Xcorporeal Operations, Inc. All of the officers and directors of CTHE will resign, and all of the officers and directors of Xcorporeal shall become officers and directors of CTHE effective as of the consummation of the merger.

Immediately prior to the effectiveness of the merger, CTHE shall cause a reverse split of its common stock, whereby each 8.27 issued and outstanding shares of its common stock shall automatically be converted into and become one share of CTHE common stock. After the reverse stock split, but prior to the merger, there shall remain a total of approximately 350,000 shares of CTHE common stock.

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CTHE will also adopt a new 2007 Incentive Compensation Plan substantially identical to Xcorporeal's 2006 Incentive Compensation Plan in effect immediately prior to the merger.

The holders of 9,600,000 shares, or approximately 68% of the issued and outstanding common stock of Xcorporeal, considered, voted on and adopted the proposal to approve entering into the transactions contemplated by the merger agreement, and to approve the merger. This consent of stockholders is sufficient to approve entering into the transactions. Accordingly, the action will not be submitted to the other Xcorporeal stockholders for a vote.

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The holders of 2,086,689 shares, or approximately 72% of the issued and outstanding common stock of CTHE considered, voted on and adopted the proposal to approve entering into the transactions contemplated by the merger agreement, and to approve the merger, reverse stock split, and incentive compensation plan. This consent of stockholders is sufficient to approve entering into the transactions. Accordingly, the actions will not be submitted to the other CTHE stockholders for a vote.

Under Section 228 of the DGCL, Xcorporeal and CTHE are required to provide prompt notice of the taking of any corporate action without a meeting, by less than unanimous written consent, to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to us. On August 10, 2007, there were 14,000,050 shares of Xcorporeal common stock outstanding, each of which would have been entitled to one vote at a meeting called to approve the merger agreement and the transactions. On August 10, 2007, there were 2,894,675 shares of CTHE common stock outstanding, each of which would have been entitled to one vote at a meeting called to approve the merger agreement and the transactions.

The accompanying information statement describes the merger agreement and proposed merger in more detail. You are encouraged to read the entire document carefully. In particular, you should carefully consider the discussion entitled Risk Factors.

Under Delaware law, holders of Xcorporeal and CTHE common stock are entitled to dissenters' rights of appraisal. Any holder of Xcorporeal or CTHE common stock who did not vote in favor of the merger or the merger agreement has the right to demand in writing from Xcorporeal or CTHE, respectively, within 20 days after the date of mailing of this notice, payment for his or her shares and appraisal of their value. The merger will close 20 days after the date this notice is first mailed to stockholders. Dissenting stockholders must follow the procedures contained in Section 262 of the DGCL, a copy of which is attached as Annex B to this information statement. In deciding whether to exercise their appraisal rights, stockholders may wish to consider that, in determining that the transaction was fair, the boards of directors of both companies and special committee of CTHE considered that the approximately 350,000 shares to be retained by CTHE stockholders represent approximately 2.4% of the total shares that will be outstanding immediately upon closing of the merger. Based on the \$0.45 per share closing price of CTHE common stock on the OTCBB immediately before the merger agreement was announced, and taking into account the 1 for 8.27 reverse stock split, the total value of these shares was approximately \$1.3 million. Over-the-counter market quotations may reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions. At the close of the merger, current Xcorporeal stockholders will receive 14,000,050 shares, representing approximately 97.6% of the total outstanding common shares of the combined companies. Based on the \$7.00 per share price in Xcorporeal's fourth quarter 2006 private placement, the boards considered the total value of these shares to be approximately \$98 million. In determining that the transaction was fair, Xcorporeal's board of directors considered the lack of a public market for its own stock, CTHE's active trading market, that based upon the board's review of more than a dozen potential shell company merger candidates during this period the cost of obtaining the shell was well within the typical range of shares to be retained by shell stockholders and included no cash payment, and that the terms of the merger were the result of vigorous arms-length negotiations among sophisticated business persons represented by experienced counsel. CTHE's board of directors and special committee similarly considered the arms-length negotiations, as well as the volatility of its own stock, Xcorporeal's business plan, experienced management team, intellectual property assets, and over \$23 million in cash on hand.

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Please note that you should not send stock certificates. There will be no exchange of certificates.

Very truly yours,

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Terren S. Peizer
Executive Chairman
Xcorporeal, Inc.

Steven B. Solomon
Chairman, President &
Chief Executive Officer
CT Holdings Enterprises, Inc.

THIS INFORMATION STATEMENT IS DATED SEPTEMBER , 2007, AND IS FIRST BEING MAILED TO XCORPOREAL STOCKHOLDERS AND CTHE STOCKHOLDERS ON OR ABOUT SEPTEMBER , 2007.

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Summary Term Sheet for the Merger

The following is a summary of the principal terms of the merger. This summary does not contain all information that may be important to you. We encourage you to read carefully this information statement, including the annexes and the documents we have incorporated by reference into this information statement, in their entirety.

On August 10, 2007, Xcorporeal entered into a merger agreement with CTHE and XC Acquisition Corporation. In connection with the merger:

Each issued and outstanding share of Xcorporeal common stock will be converted into one share of newly issued CTHE common stock;

Warrants and options to purchase common stock of Xcorporeal shall be automatically converted into warrants and options to purchase common stock of CTHE, and CTHE will adopt a 2007 Incentive Compensation Plan;

Xcorporeal s certificate of incorporation will be amended to change its name to Xcorporeal Operations, Inc.; CTHE shall cause a reverse stock split immediately prior to the effectiveness of the merger upon which every 8.27 shares of CTHE common stock shall be automatically converted into one share of CTHE common stock;

CTHE s certificate of incorporation shall be amended and restated to read substantially as Xcorporeal s certificate of incorporation read immediately prior to the effectiveness of the merger, and CTHE s name will be changed to Xcorporeal, Inc;

CTHE s bylaws shall be amended and restated to read substantially as Xcorporeal s bylaws read immediately prior to the merger;

The officers and directors of CTHE shall resign effective as of the merger, and the directors and officers of Xcorporeal shall become officers and directors of CTHE effective as of the merger; and

Dissenters to the merger shall have dissenters rights under Section 262 of the DGCL.

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XCORPOREAL, INC.

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Questions and Answers about the Merger

Following are questions and related answers that address some of the questions you may have regarding the pending merger transaction between Xcorporeal and CTHE, the charter amendment and related matters. These questions and answers may not contain all of the information relevant to you, do not purport to summarize all material information relating to the merger agreement, the charter amendments, the plan adoption or any of the other matters discussed in this information statement, and are subject to, and are qualified in their entirety by, the more detailed information contained or incorporated by reference in or attached to this information statement. Therefore, please carefully read this information statement, including the attached annexes, in its entirety.

Q: WHY ARE WE PROPOSING THE MERGER?

A: We believe that a merger between Xcorporeal and CTHE presents an opportunity to enhance stockholder value for both companies. CTHE is a shell corporation with no active operations, and substantially no operating assets or liabilities. Its common stock is traded on the Over-the-Counter Bulletin Board under the symbol CTHE, and has over 750 record holders and several thousand beneficial owners, and an active trading market. Xcorporeal has substantial business operations and is fully public reporting, but there is no public market for its common stock. Xcorporeal has only 200,000 free trading shares, which are held by fewer than ten record and beneficial owners. As a result, it may be difficult for Xcorporeal to have its common stock listed on the OTCBB, and if it were able to do so there may be insufficient holders of free trading shares to ensure an active and orderly trading market for its securities. As a result, Xcorporeal's board determined that it was more expeditious and appropriate to merge with CTHE than to list its own securities on the OTCBB without effectuating such a merger. The combination of the two companies and the access to an active trading market could provide liquidity for Xcorporeal investors and provide Xcorporeal with increased visibility within the investor community. The merger will also create a combined company with the potential of raising additional capital to finance further development of Xcorporeal's products if needed. Stockholders of the combined company will be able to participate in the growth and opportunities that result from the merger.

To review the reasons for the merger in greater detail, see the section entitled "The Merger - Reasons for the Merger."

Q: WHAT WILL HAPPEN IN THE MERGER?

A: In the proposed merger, XC Acquisition Corporation, a wholly-owned subsidiary of CTHE, will merge with and into Xcorporeal and, as a result, Xcorporeal will become a wholly-owned subsidiary of CTHE. In connection with the merger, CTHE will change its name to Xcorporeal, Inc. The merger agreement, which governs the merger, is attached to this information statement as Annex A. You are encouraged to read it carefully.

Q: WHAT WILL I RECEIVE IN THE MERGER?

A: If the merger is completed, if you are an Xcorporeal stockholder, each of your Xcorporeal shares will be converted into one share of CTHE common stock. For example, if you owned 1,000 shares of Xcorporeal common stock, those shares will be converted into 1,000 shares of CTHE common stock after the merger. There will be no exchange of stock certificates in connection with the merger. The shares of CTHE common stock that Xcorporeal stockholders receive will be registered under the Securities Act of 1933, as amended (the Securities Act). All but 200,000 shares of Xcorporeal common stock, including all shares held by affiliates and all shares held by private placement recipients, were restricted immediately prior to the merger. Registered shares held by affiliates, control persons, and any person who purchased with a view to or in connection with a distribution of such shares, or who participates or has a direct or indirect participation in any such undertaking, will not be freely tradable except in accordance with Rule 144 of Securities Act, as more fully described under Federal Securities Laws Consequences on page _____. CTHE common stock is listed on Over the Counter Bulletin Board under the symbol CTHE. There will be no fractional shares exchanged in the merger, and there will be no need to pay cash in lieu of fractional shares.

If you are a CTHE stockholder, immediately prior to the effectiveness of the merger, pursuant to a reverse stock split, every 8.27 shares of CTHE common stock shall automatically be converted into one share

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of CTHE common stock. We will issue one additional share in the event that you would own a fractional share as a result of the reverse stock split.

Q: WHAT ARE THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER ON XCORPOREAL STOCKHOLDERS?

A: The material U.S. federal income tax consequences of the merger are described in more detail in the section entitled The Merger Material United States Federal Income Tax Consequences. The tax consequences of the merger to you will depend upon your particular situation. You should consult your own tax advisor for a full understanding of the federal, state, local and foreign income and other tax consequences of the merger.

Q: SHOULD I SEND IN MY XCORPOREAL STOCK CERTIFICATES NOW?

A: No. Neither Xcorporeal nor CTHE will be exchanging physical securities after the merger becomes effective.

Q: WHEN DO YOU EXPECT TO COMPLETE THE MERGER?

A: Xcorporeal and CTHE are working to complete the merger as quickly as practicable, and expect to complete the merger in the third quarter of 2007; however, the exact timing cannot be predicted.

Q: DO I HAVE APPRAISAL OR DISSENTER S RIGHTS?

A: Yes. Holders of Xcorporeal or CTHE common stock who have not consented to the merger are entitled to exercise appraisal rights in connection with the merger, subject to compliance with applicable procedures under Delaware law, as described in this information statement.

The holders of 9,600,000 shares, or 68% of the issued and outstanding common stock of Xcorporeal, considered, voted on and adopted the proposal to approve entering into the transactions contemplated by the Merger Agreement, and to approve the merger with and into XC Acquisition Corporation. This consent of stockholders is sufficient to approve entering into the transactions. Accordingly, the action will not be submitted to the other Xcorporeal stockholders for a vote.

Q: WHOM SHOULD I CALL WITH QUESTIONS?

A: If you have any questions about the proposed merger or if you need additional copies of the information statement or the enclosed information, please call or write:

Xcorporeal, Inc.
11150 Santa Monica Boulevard, Suite 340
Los Angeles, CA 90025
Attn: Winson Tang
(310) 424-5668

CT Holdings Enterprises, Inc.
2100 McKinney Avenue, Suite 1500
Dallas, TX 75201
Attn: Steven B. Solomon
(214) 750-2454

Q: ARE THE CTHE STOCKHOLDERS ALSO REQUIRED TO APPROVE THE MERGER?

A: Yes. The holders of 2,086,689 shares, or 72.1% of the issued and outstanding common stock of CTHE, considered, voted on and adopted the proposal to approve entering into the transactions contemplated by the Merger Agreement, and to approve the merger, the reverse stock split, the charter amendments and the 2007 Incentive Compensation Plan. This consent of stockholders is sufficient to approve entering into the transactions. Accordingly, the actions will not be submitted to the other CTHE stockholders for a vote.

Q: WILL MY RIGHTS AS AN XCORPOREAL STOCKHOLDER CHANGE AS A RESULT OF THE MERGER?

A: No. Because the certificate of incorporation and bylaws of CTHE are being amended and restated at the time of the merger to read substantially the same as the certificate and incorporation and bylaws of Xcorporeal, your rights as an Xcorporeal stockholder will not change. There is a summary comparison of the rights of stockholders of CTHE and Xcorporeal starting on page of this information statement.

If you are a CTHE stockholder, your rights will change because the certificate of incorporation and bylaws of CTHE are being amended and restated as described in the foregoing paragraph. Additionally, the

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par value of your shares will change from \$0.01 to \$0.0001. Also, as a result of the reverse stock split and merger, CTHE stockholders will own approximately 350,000 shares in the combined company, while Xcorporeal stockholders will own approximately 14.2 million shares in the combined company. Accordingly, your percentage ownership in CTHE will substantially decrease to approximately 2.4% as a result of the merger.

Q: IS EVERYONE TREATED EQUALLY IN THE MERGER?

A: No. A number of directors and officers of Xcorporeal may have interests in the merger agreement and the merger that are different from those of stockholders who are not also directors and officers. In addition, Steven B. Solomon, an officer, director and majority shareholder of CTHE, owns 50,000 shares of Xcorporeal which he acquired in a private placement consummated in the fourth quarter of 2006, on the same terms as all other investors in that offering. Mr. Solomon's Xcorporeal shares shall be converted into shares of CTHE on the same terms and conditions as all other Xcorporeal shareholders. All options outstanding under Xcorporeal's 2006 Incentive Compensation Plan will be assumed under CTHE's 2007 Incentive Compensation Plan. Any CTHE options or warrants outstanding prior to the merger will be cancelled and not assumed under the 2007 Incentive Compensation Plan. These differences are explained in more detail on page of this information statement.

Q: WHAT WILL HAPPEN IF THE MERGER IS NOT COMPLETED?

A: If the merger is not completed for any reason, Xcorporeal and CTHE may be subject to a number of other risks. Xcorporeal will continue to have no active trading market for its common stock, which would have an adverse impact on its ability to avail itself of the public markets for additional financing. CTHE will have no operating business and will continue as a shell. Both companies will incur the expenses associated with attempting to effectuate the merger and the transactions. The failure to consummate the merger could have an adverse impact on the price and trading of the companies' common stock.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Any statements in this document about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as may, should, could, predict, potential, believe, will likely expect, will continue, anticipate, seek, estimate, intend, plan, projection, would and outlook, and Accordingly, these statements involve estimates, assumptions and uncertainties, which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document. The following cautionary statements identify important factors that could cause Xcorporeal's, CTHE's or the combined company's actual results to differ materially from those projected in the forward-looking statements made in this document. Among the key factors that have a direct bearing

on Xcorporeal s, CTHE s or the combined company s results of operations are:

general economic and business conditions; the existence or absence of adverse publicity; changes in marketing and technology; changes in political, social and economic conditions;
competition in and general risks of the medical products and services industries;
success of acquisitions and operating initiatives; changes in business strategy or development plans; management of growth;
dependence on senior management; business abilities and judgment of personnel; availability of qualified personnel; labor and employee benefit costs;
ability of Xcorporeal to retain and hire key executives, technical personnel and other employees;
ability of Xcorporeal to manage its growth and the difficulty of successfully managing a larger, more geographically dispersed organization;
ability of Xcorporeal to manage successfully its changing relationships with customers, suppliers, value-added resellers and strategic partners;
the impact of government regulation;
volatility in the stock price of CTHE;
the need and ability of Xcorporeal to obtain sufficient financing to meet potential capital requirements;
market acceptance of each of the companies products and services and the ability of Xcorporeal s customers to accept new product and services offerings; and
the timing of, other conditions associated with, the completion of the merger.

These factors and the risk factors referred to below could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by Xcorporeal or CTHE, and you should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made and neither Xcorporeal nor CTHE undertakes any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for Xcorporeal or CTHE to predict which will arise. In addition, neither Xcorporeal nor CTHE can assess the impact of each factor on Xcorporeal or CTHE or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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SUMMARY OF THE INFORMATION STATEMENT

This summary highlights selected information from this information statement. It does not contain all of the information that is important to you. Xcorporeal and CTHE urge you to read carefully the entire information statement and the other documents referred to in this information statement to fully understand the merger. In particular, you should read the documents attached to this information statement, including the merger agreement, which is attached as Annex A. For a guide as to where you can obtain more information on Xcorporeal and CTHE, see the section entitled Where You Can Find More Information beginning on page []. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary of the information statement. As your approval of the merger and the other matters described in this information statement is neither required nor requested, we are not asking you for a proxy and you are requested not to send us a proxy.

The Companies (Pages)

Xcorporeal, Inc.

11150 Santa Monica Boulevard, Suite 340
Los Angeles, CA 90025

Xcorporeal is a medical device company actively researching and developing an extra-corporeal platform to perform functions of various human organs. Our prototype systems apply modern electronics and engineering principals to reduce the size, cost and power requirements of conventional extra-corporeal therapies including kidney dialysis and ultrafiltration. We were incorporated in the State of Nevada in 2001. to engage in the acquisition, exploration and development of natural resource properties. On August 31, 2006, we changed our name to Xcorporeal, Inc. On September 1, 2006, we entered into a license agreement to acquire exclusive rights to acquire the technology on which our business is based.

CT Holdings Enterprises, Inc.

2100 McKinney Avenue, Suite 1500
Dallas, TX 75201

Since 1996, CT Holdings has provided management expertise including consulting on operations, marketing and strategic planning and has been a source of capital to early stage technology companies. CT Holdings was incorporated in Delaware in 1992. On March 13, 2006, CT Holdings changed its name to CT Holdings Enterprises, Inc. The business model was designed to enable the companies that CTHE acquired or invested in to become market leaders in their industries. CTHE's business strategy since 1996 has led to the development, acquisition and operation of technology based businesses with compelling valuations and strong business models. Its goal has been to realize the value of these investments for CTHE's shareholders through a subsequent liquidity event such as a sale, merger, spin-off or initial public offering of the portfolio companies. Currently, CTHE has no active business operations.

XC Acquisition Corporation

c/o CT Holdings Enterprises, Inc.
2100 McKinney Avenue, Suite 1500
Dallas, TX 75201

CTHE formed XC Acquisition Corporation solely for the purpose of effecting the merger. To date, merger subsidiary has not conducted any activities other than those incidental to its formation and the execution of the merger agreement and related documents. Upon completion of the merger, merger subsidiary will be merged with and into Xcorporeal and the separate existence of merger subsidiary will end.

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Approval of the Boards of Directors (Pages)

Our respective boards of directors have determined that the merger is in the best interests of Xcorporeal and CTHE

and their stockholders and unanimously approved the merger agreement and the transactions contemplated in the merger agreement and related documents. To review the factors considered by the boards of directors, see The Merger Reasons for the Merger.

Written Consent; Record Date (Pages)

Under Delaware corporate law and both companies' bylaws, the companies' stockholders may approve the merger and the transactions contemplated by the merger agreement by written consent of stockholders holding a majority of outstanding common stock. On August 10, 2007, certain Xcorporeal stockholders, who together held approximately 68% of Xcorporeal outstanding common stock as of that date, executed written consents to approve the merger and any other transactions contemplated in the merger agreement. August 10, 2007 was the record date for determining the Xcorporeal stockholders entitled to receive notice of stockholder action by written consent and receive this information statement. This was also the record date for determining the number of shares of Xcorporeal common stock outstanding and therefore the number of votes necessary to adopt the merger agreement and approve the related transactions. On August 10, 2007, there were 14,000,050 shares of Xcorporeal's common stock outstanding and entitled to vote, with each share entitled to one vote.

On August 10, 2007, certain CTHE stockholders, who together held approximately 72% of CTHE's outstanding common stock as of that date, executed written consents to approve the merger and any other transactions contemplated in the merger agreement, including the reverse stock split, the charter amendments and the 2007 Incentive Compensation Plan. August 10, 2007 was the record date for determining the CTHE stockholders entitled to receive notice of stockholder action by written consent and receive this information statement. This was also the record date for determining the number of shares of CTHE common stock outstanding and therefore the number of votes necessary to adopt the merger agreement and approve the related transactions. On August 10, 2007, there were 2,894,675 shares of CTHE common stock outstanding and entitled to vote, with each share entitled to one vote.

Notwithstanding the execution and delivery of the written consents, federal securities laws provide that the merger may not be completed until 20 calendar days after the date this information statement is mailed to our stockholders.

Therefore, the merger cannot be completed until that time has elapsed. We currently expect the merger to be completed as soon as the expiration of that 20 calendar day period, subject to obtaining all other regulatory approvals.

The Merger (Pages)

In the proposed merger, XC Acquisitions Corporation, a wholly-owned subsidiary of CTHE will merge into Xcorporeal, with Xcorporeal as the surviving corporation. As a result, Xcorporeal will become a wholly-owned subsidiary of CTHE. Upon the effectiveness of the merger, CTHE's name will be changed to Xcorporeal, Inc. THE MERGER AGREEMENT IS ATTACHED TO THIS INFORMATION STATEMENT AS ANNEX A. YOU ARE ENCOURAGED TO READ IT CAREFULLY.

What Will Xcorporeal Shareholders Receive in the Merger (Pages)

In the merger, each share of Xcorporeal common stock will be converted into the right to receive one share of CTHE common stock.

Each warrant, and each option, to purchase shares of Xcorporeal common stock outstanding immediately before the completion of the merger will automatically become a warrant or option, as the case may be, to purchase shares of

CTHE common stock under CTHE's 2007 Incentive Compensation Plan. The number of shares of CTHE common stock into which warrants and options are exercisable and the exercise price will not have to be adjusted because the exchange ratio in the merger is 1:1.

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**Ownership of CTHE After the Merger
(Page)**

Xcorporeal and CTHE estimate that, after giving effect to the reverse stock split of CTHE the common stock, the number of shares of CTHE common stock to be issued to Xcorporeal stockholders in the merger will constitute approximately 97.6% of the outstanding common stock of the combined company after the merger, without giving effect to the exercise of any Xcorporeal stock options or warrants between the date of this information statement and the closing of the merger.

**Conditions to the Consummation of the Merger
(Pages)**

The completion of the merger depends on the satisfaction or waiver of a number of conditions set forth in the merger agreement, including the following:

The representations and warranties of Xcorporeal and CTHE contained in the merger agreement shall be true and correct as of the closing of the merger;

Xcorporeal and CTHE shall have performed all covenants contained in the merger agreement;

There shall be no judgment, order, decree or injunction in effect that would prohibit the transactions contemplated by the merger agreement or adversely affect the rights of parties to the merger;

Xcorporeal shall not have engaged in any practice or act, or entered into any transaction outside the ordinary course of business, which results in a material adverse effect;

The merger shall have been duly approved by the shareholders of Xcorporeal and CTHE;

Xcorporeal and CTHE shall have delivered customary documents and certificates duly executed in accordance with the merger agreement; and

The officers and directors of CTHE shall have resigned effective as of the Closing.

**Termination of the Merger Agreement
(Pages)**

Xcorporeal and CTHE may terminate the merger agreement by mutual written consent.

Xcorporeal may terminate the merger agreement:

in the event of an uncured breach of the merger agreement by CTHE;

if Xcorporeal is not reasonably satisfied with the results of its due diligence regarding CTHE;

if Xcorporeal's shares become quoted on the OTC Bulletin Board;

if the closing of the merger has not occurred by the close of business on Friday, August 31, 2007; or

if the board of directors of Xcorporeal determines in good faith that failure to terminate the merger agreement would constitute a breach of the fiduciary duties of Xcorporeal's directors.

CTHE may terminate the merger agreement upon written notice at any time prior to the closing of the merger:

in the event of an uncured breach of the merger agreement by Xcorporeal;

if CTHE is not reasonably satisfied with the results of its due diligence;

if the closing of the merger shall not have occurred on or prior to August 31, 2007; or

if the board of directors or special committee of CTHE determines in good faith that failure to terminate the merger agreement would constitute a breach of the fiduciary duties of CTHE's directors or members of the special committee.

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Either Xcorporeal or CTHE may terminate the merger agreement in the event that a governmental entity has issued a final non-appealable order restraining, enjoining or otherwise prohibiting the transactions contemplated in the merger agreement.

In addition, Xcorporeal may terminate the merger agreement and rescind the merger upon written notice to CTHE and the merger subsidiary within 10 days after the closing of the merger if the shares of CTHE common stock do not continue to be quoted on the OTC Bulletin Board immediately following the merger.

Reasons for the Merger (Pages)

For a description of the reasons considered by the Xcorporeal board of directors, please see the section entitled "The Merger - Reasons for the Merger" beginning on page .

For a description of the reasons considered by the CTHE board of directors and special committee, please see the section entitled "The Merger - Reasons for the Merger" beginning on page .

Material United States Federal Income Tax Consequences (Pages)

The merger is intended to be treated as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, in which case you would not recognize gain or loss on the exchange of Xcorporeal common stock for CTHE stock. However, neither Xcorporeal nor CTHE intends to request a ruling from the Internal Revenue Service, and neither Xcorporeal nor CTHE intends to request an opinion of their tax advisors, regarding the income or other tax consequences of the merger. No assurance can be given that the Internal Revenue Service or the courts will agree that the merger qualifies as a tax-free reorganization under Section 368(a). Furthermore, the tax consequences of the merger to you will depend on your own personal circumstances. Thus, you should consult your tax advisor regarding the tax consequences of the merger.

Accounting Treatment (Page)

The merger will be treated as a recapitalization of Xcorporeal. Xcorporeal will be deemed the accounting acquirer under generally accepted accounting principles. The combined companies' operating results will be consolidated as of the consummation of the merger.

Interests of Directors and Officers in the Merger (Page)

Xcorporeal's directors and executive officers have interests in the merger that are different from, or are in addition to, those of other stockholders that may make them more likely to approve and adopt the merger agreement and approve the merger. The merger agreement provides that the officers and directors of CTHE will resign effective as of the closing of the merger, and that the officers and directors of Xcorporeal immediately prior to the merger shall become the officers and directors of CTHE. Specifically, Terren S. Peizer, Marc G. Cummins, Daniel S. Goldberger, Victor

Gura, M.D., Hervé de Kergrohen, M.D. Nicholas S. Lewin, Kelly J. McCrann, and Jay Wolf will become the directors of CTHE upon the effectiveness of the merger.

The members of Xcorporeal's board of directors were aware of, and considered the interests of, themselves and Xcorporeal's executive officers in approving the merger and adopting the merger agreement.

Steven B. Solomon, an officer, director and majority shareholder of CTHE owns 50,000 shares of Xcorporeal common stock which he purchased in a private placement consummated in the fourth quarter of 2006.

The members of CTHE's board of directors and special committee were aware of, and considered the interests of, themselves and CTHE's executive officers in approving the merger and adopting the merger agreement.

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**Dissenters' or Appraisal Rights
(Pages)**

Under the laws of Delaware, where Xcorporeal and CTHE are incorporated, holders of Xcorporeal or CTHE common stock who have not consented to the merger and comply with the applicable requirements of Delaware law will have the right to receive an appraisal of the value of their shares in connection with the merger and to be paid such value in cash. We have included a copy of Section 262 of the Delaware General Corporation Law Appraisal Rights as Annex B to this information statement.

**Quotation on OTC.BB
(Page)**

The common stock of CTHE is currently traded on the OTC Bulletin Board under the symbol CTHE.

**Risks of the Merger
(Pages)**

We urge you to read carefully all of the factors described in Risk Factors beginning on page in connection with the transactions contemplated by the merger agreement.

**Related Agreements
(Pages)**

Xcorporeal entered into an indemnity agreement with Steven B. Solomon, an officer, director and majority shareholder of CTHE. The terms and conditions of each of the foregoing agreements are described in Related Agreements beginning on page [].

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XCORPOREAL, INC.

(a Development Stage Company)

SELECTED FINANCIAL DATA

The selected consolidated financial data are derived from our audited consolidated financial statements for the years ended December 31, 2002 through 2006 and unaudited consolidated financial statements for the six months ended June 30, 2007.

	Six Months Ended 30-Jun-07	Year Ended December 31,	
		2006	2005
Summary of operations data:			
Revenues	\$	\$	\$
Operating (loss)	(8,283,805)	(4,462,412)	(35,753)
Net (loss)	(7,663,879)	(4,380,212)	(35,753)
Basic and diluted loss per common share	(0.54)	(0.67)	(0.01)
Shares used in computing loss per common share	14,200,050	6,542,312	3,820,000
Balance sheet data:			
Cash and cash equivalents	346,887	27,440,987	
Marketable securities	22,676,578		
Working capital (deficit)	21,959,725	25,397,733	(52,557)
Total assets	23,334,428	27,535,543	
Total stockholders' equity (deficit)	22,016,770	25,402,061	(52,557)

	Year Ended December 31,		
	2004	2003	2002
Summary of operations data:			
Revenues	\$	\$	\$
Operating (loss)	(23,338)	(12,988)	(31,268)
Net (loss)	(23,338)	(12,962)	(31,268)
Basic and diluted loss per common share	(0.01)	0.00	(0.01)
Shares used in computing loss per common share	3,820,000	3,820,000	2,720,000
Balance sheet data:			
Cash and cash equivalents	576	12,499	27,983
Working capital (deficit)	(16,804)	6,534	19,496
Total assets	1,376	13,232	27,983
Total stockholders' equity (deficit)	(16,804)	6,534	19,496

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CT HOLDINGS ENTERPRISES, INC.

SELECTED FINANCIAL DATA

The selected consolidated financial data are derived from our audited consolidated financial statements for the years ended December 31, 2002 through 2006 and unaudited consolidated financial statements for the six months ended June 30, 2007.

	Six Months Ended 30-Jun-07	Year Ended December 31,	
		2006	2005
Summary of operations data:			
Revenues	\$	\$	\$
Operating income (loss)	133,034	5,325,016	(671,972)
Loss from discontinued operations			
Net income (loss)	133,034	5,325,016	(671,972)
Basic and diluted income (loss) per common share	0.07	5.54	(0.70)
Shares used in computing income (loss) per common share	1,920,839	960,656	960,656
Balance sheet data:			
Cash and cash equivalents	271	197	197
Working capital (deficit)	(63,239)	(455,573)	(5,780,589)
Total assets	271	197	197
Total stockholders' equity (deficit)	(63,239)	(455,573)	(5,780,589)

	Year Ended December 31,		
	2004	2003	2002
Summary of operations data:			
Revenues	\$	\$	\$
Operating income (loss)	(4,227,435)	1,210,517	(5,932,120)
Loss from discontinued operations			(942,939)
Net income (loss)	(4,227,435)	1,210,517	(7,060,490)
Basic and diluted income (loss) per common share	(4.46)	1.41	(8.97)
Shares used in computing income (loss) per common share	947,307	855,859	786,830
Balance sheet data:			
Cash and cash equivalents	4,168		
Working capital (deficit)	(5,379,765)	(1,352,330)	(3,412,847)
Total assets	4,168		
Total stockholders' equity (deficit)	(5,379,765)	(1,352,330)	(3,412,847)

Upon the consummation of the merger, CTHE will acquire all of the outstanding capital stock of Xcorporeal in exchange for an equal number of shares of CTHE following a 1 for 8.27 reverse stock split of CTHE's common stock.

Xcorporeal will become a wholly-owned subsidiary of CTHE, and the current Xcorporeal stockholders will own approximately 97.6% of the post-split, post-merger outstanding shares of CTHE.

At closing of the merger, CTHE will cease to be a shell corporation. Since Xcorporeal will be the sole operating company as of the merger date, the merger will be accounted for as recapitalization of Xcorporeal. Because CTHE is a shell corporation with substantially no assets or liabilities, and Xcorporeal's stockholders will own approximately 97.6% of the capital stock following the merger, CTHE's financial results will not have a material impact on the financial statements of Xcorporeal.

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The number of CTHE shares and per share data have been adjusted to give effect to a 1 for 70 reverse stock split effective in February 2007 but not for the 1 for 8.27 reverse stock split to be effected in connection with the merger.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

From a legal standpoint, CTHE is considered to be the acquirer in the merger. As the former shareholders of Xcorporeal will end up with over 97% of the outstanding voting common stock of CTHE and CTHE is a public shell company, from an accounting standpoint the transaction is considered to be a recapitalization of Xcorporeal. As a shell company, CTHE is not considered a business under applicable accounting rules, and the merger is not considered a business combination. As a result, pro forma financial statements are not provided.

The historical financial statements prior to the merger will be restated to be those of Xcorporeal. The merger will be accounted for as if it were an issuance of the common stock of Xcorporeal to acquire the net assets of CTHE, accompanied by a recapitalization. Historical stockholders' equity of Xcorporeal prior to the merger will be retroactively restated for the equivalent number of shares received in the merger, after giving effect to the difference in par value with an offset to paid-in capital. The assets and liabilities of Xcorporeal will be carried forward at their predecessor carrying amounts. Retained deficiency of Xcorporeal will be carried forward after the merger. Operations prior to the merger will be those of Xcorporeal. Earnings per share for periods prior to the merger will be restated to reflect the number of equivalent shares received by Xcorporeal's stockholders. The costs of the transaction will be expensed to the extent they exceed cash received from CTHE.

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MARKET PRICE INFORMATION AND RELATED STOCKHOLDER MATTERS

There has never a public market for shares of Xcorporeal common stock. As of August 10, 2007, there were approximately 110 holders of record of our common stock. As of that date, we cancelled 200,000 shares pursuant to a settlement agreement with one of our stockholders. We had 200,000 free trading shares held by fewer than 10 record and beneficial owners. Approximately 10,400,000 shares or 74% of our shares were held by affiliates, including approximately 800,000 shares or 6% acquired in the private placement. Approximately 4,200,000 shares or 30% of our shares were held by approximately 100 private placement recipients. We have not paid any cash dividends in the past and do not anticipate paying any cash dividends in the foreseeable future. We intend to retain earnings, if any, to finance the expansion of our business and fund ongoing operations for the foreseeable future.

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CTHE's common stock trades on the OTC Bulletin Board (OTCBB) under the symbol CTHE (prior to February 2007, CTHE common stock traded under the symbol CITN). The following table sets forth, for the periods indicated, the high and low closing sale prices for CTHE common stock as reported by the OTCBB and displayed on its website. The quotations reflect inter-dealer prices, without retail markup, markdown or commission, and may not represent actual transactions. The historical high and low prices below have been adjusted for the effects of the 1 for 70 reverse stock split effective February 28, 2007 but do not reflect the proposed 1 for 8.27 reverse stock split. Following the merger, we expect that CTHE common stock will continue to be quoted and traded on the OTCBB; however, we anticipate that we will change its trading symbol to XCOR.

	High	Low
Year Ended December 31, 2005:		
Quarter ended March 31	\$ 1.05	\$ 0.35
Quarter ended June 30	0.56	0.42
Quarter ended September 30	1.05	0.35
Quarter ended December 31	1.05	0.56
Year Ended December 31, 2006:		