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COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

（科聯系統集團有限公司）

(incorporated in Bermuda with limited liability)

VARIATION OF SETTLEMENT TERMS

CONCERNING

ACQUISITION OF THE IPL GROUP

AND

GRANT OF SUBSCRIPTION OPTION

Reference is made to the announcement of the Company dated 20 June 2001 wherein the Directors announced that C&T Investment, a wholly-owned subsidiary of the Company, the Vendors and IPL-BVI had entered into the Principal Agreement concerning the Acquisition of IPL-BVI. Such Acquisition was completed on 26 July 2001 and IPL Holding became a 99% owned subsidiary of the Company.

The Directors wish to announce that on 4 February 2002, C&T Investment entered into the Supplemental Agreement with IPL-BVI and the Vendors to amend the terms of the Principal Agreement.

Under the Principal Agreement, the Purchase Price due from C&T Investment is to be paid in 4 tranches. At completion of the Acquisition, tranche 1 of the Purchase Price was paid. Payment of subsequent tranches is conditional upon, among others, the actual amount of 2001 Net Profits and 2002 Net Profits of IPL exceeding certain amounts. Dependent on the performance of IPL, (i) the Vendors may be entitled to exercise certain incentive options to acquire 25% of IPL Holding, or (ii) C&T Investment may elect to be paid certain cash compensation by the Vendors, or to be released from the obligations to make any further payments to the Vendors or to reverse the Acquisition.

By the Supplemental Agreement, the parties have conditionally agreed to crystallize and settle their respective outstanding obligations with respect to the sale and purchase of IPL-BVI and in that connection to vary the terms of the Principal Agreement.

If the Supplemental Agreement becomes unconditional, the parties' respective outstanding obligations regarding or connected with the Purchase Price shall be settled and replaced by, inter alia, (i) the Vendors giving an undertaking to make payment of the sum of HK$2,120,000 to C&T Investment on the date falling 18 months from the Closing Date, (ii) the Vendors transferring to C&T Investment the remaining 1% issued shares in IPL Holding at nil consideration, (iii) the Vendors granting the New Put Option to C&T Investment pursuant to which C&T Investment may require the Vendors to purchase 25% of IPL Holding for HK$3,000,000 and (iv) C&T Investment procuring the Company to grant to the Vendors the Subscription Option to subscribe for new Shares in the Company.

The Subscription Shares falling to be issued upon the exercise of the Subscription Option will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company convened on 18 May 2001.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares falling to be allotted and issued pursuant to the exercise of the Subscription Option.

THE SUPPLEMENTAL AGREEMENT

Date: 4 February 2002

Parties

1. C&T Investment, a wholly-owned subsidiary of the Company incorporated in the BVI

2. Mr PONG Wai Chung, Mr LAM Man Wah and Mr WONG Wai Man (Vendors), who are independent third parties not connected with the Company, the directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates save that the Vendors were directors of IPL-BVI and certain members of the IPL Group until they resigned from such office upon completion of the Acquisition on 26 July 2001.

3. IPL-BVI, a wholly-owned subsidiary of C&T Investment incorporated in the BVI.

Prior to completion of the Acquisition, the entire issued share capital of IPL-BVI was owned by the Vendors. IPL-BVI is now a wholly-owned subsidiary of the Company.

Background information

On 20 June 2001, C&T Investment, the Vendors and IPL-BVI entered into the Principal Agreement for the subscription by C&T Investment of certain new shares in IPL-BVI and the purchase by C&T Investment of certain old shares in IPL-BVI from the Vendors, being the entire issued share capital in IPL-BVI.

Details of the principal terms of the Principal Agreement were given in the Company's announcement dated 20 June 2001 and the circular to Shareholders dated 12 July 2001.

Completion of the Principal Agreement took place on 26 July 2001 whereupon IPL Holding became 99% owned subsidiary of C&T Investment. IPL Holding in turn owns 100% of IPL. The remaining 1% of IPL Holding is retained by the Vendors.

Under the Principal Agreement, the Purchase Price payable by C&T Investment to the Vendors for IPL-BVI is to be paid in 4 tranches. At completion of the Acquisition, C&T Investment paid a sum of HK$25,476,750, being tranche 1 of the Purchase Price, to the Vendors.

Payment of tranches 2, 3 and 4 of the Purchase Price is conditional upon, among others, the actual amount of 2001 Net Profits and 2002 Net Profits of IPL exceeding HK$3,431,000 (for tranche 2) and HK$4,000,000 (for tranche 3) respectively and the average of the 2001 Net Profits and the 2002 Net Profits exceeding HK$3,715,500 (for tranche 3) and HK$6,500,000 (for tranche 4). Dependent on the actual performance of IPL, (i) the Vendors may be entitled to exercise certain incentive options to acquire 25% interest in IPL Holding, or (ii) C&T Investment may elect to be paid certain cash compensation by the Vendors, or to be released from the obligations to make any further payments to the Vendors or to reverse the Acquisition by exercising certain put options granted by the Vendors.

By the Supplemental Agreement, parties to the Principal Agreement have agreed, subject to fulfillment of the conditions set out in the section headed "Conditions" below, to crystallize and settle their respective outstanding obligations with respect to the sale and purchase of IPL-BVI and in that connection to amend the terms of the Principal Agreement in the manner described below.

Variation of the Principal Agreement and Settlement of Obligations

If the conditions set out in the section headed "Conditions" below are fulfilled and the Supplemental Agreement becomes unconditional, the Purchase Price shall be reduced to and fixed at HK$23,476,750. The respective outstanding obligations of the parties under the Principal Agreement regarding or connected with the sale and purchase of IPL-BVI, the determination and adjustment of Purchase Price shall be settled and replaced by:

1. the Vendors giving an undertaking to make payment to C&T Investment of the sum of HK$2,120,000 to C&T Investment on the date falling 18 months from the Closing Date, being the difference between the amount paid under tranche 1 of the Purchase Price and the agreed reduced Purchase Price under the Supplemental Agreement (i.e. HK$2,000,000) plus interest of HK$120,000 thereon for the deferred payment period of 18 months calculated at interest rate of 4% per annum;

2. the Vendors transferring to C&T Investment the remaining 1% issued shares in IPL Holding at nil consideration;

3. the Vendors granting the New Put Option to C&T Investment pursuant to which C&T Investment may require the Vendors to purchase the New Put Option Shares for HK$3,000,000; and

4. C&T Investment procuring the Company to grant to the Vendors the Subscription Option to subscribe for new Shares having the value of HK$3,750,000 in aggregate which shall be allocated among the Vendors in the proportion set out in the section headed "Subscription Option" below.

In this connection, C&T Investment will be absolutely and unconditionally released from (i) all obligations to make any further payment of whatever nature under the Principal Agreement to the Vendors, and (ii) all other obligations relating to, among others, the Special Dividend, the Incentive Option and the Put Option with effect from the Closing Date. The shareholders agreement entered into between the Vendors, IPL-BVI and IPL Holding upon completion of the Acquisition will be terminated with effect from the Closing Date.

New Put Option

In consideration of the assumption by C&T Investment of its obligations under the Supplemental Agreement, the Vendors will at Closing grant to C&T Investment the New Put Option to require the Vendors to purchase the New Put Option Shares for HK$3,000,000, being a total of 2,500 issued IPL Holding Shares indirectly held by C&T Investment or, in the event of any capital reorganization of IPL Holding, such number of IPL Holding Shares as shall represent 25% of all the IPL Holding Shares then in issue and indirectly held by C&T Investment at the time of exercise of the New Put Option.

The New Put Option may be exercised:

1. if none of the Vendors shall have exercised the Subscription Option or the Subscription Option lapses, within the period commencing from the expiry of 18 months from the Closing Date and ending on and including the day falling the expiry of 19 months from the Closing Date ("Expiry Date"); or

2. if the Subscription Option shall have been exercised by any of the Vendors, within the period commencing from the day on which the first of any exercise notice in respect of the Subscription Option shall have been received by the Company and ending on and including the Expiry Date.

The consideration payable by the Vendors to C&T Investment for the New Put Option Shares is HK$3,000,000 which shall be paid in cash at the time of completion of the sale and purchase of the New Put Option Shares.

The consideration of HK$3,000,000 for the New Put Option Shares is determined by C&T Investment and the Vendors on an arm's length basis.

Subscription Option

As an opportunity for the Company to strengthen the relationship with the Vendors, pursuant to the Supplemental Agreement, C&T Investment has agreed to procure the Company to grant the Subscription Option to the respective Vendors at Closing. The Subscription Option will entitle the Vendors to subscribe for such number of new Shares as shall have the value in aggregate ("Option Limit") set opposite their respective names in the table below at a price of HK$2.20 per Subscription Share:

Vendors	Option Limit (HK$)	Percentage
Mr PONG Wai Chung	1,912,500	51%
Mr LAM Man Wah	1,312,500	35%
Mr WONG Wai Man	525,000	14%
Total:	3,750,000	

The subscription price of HK$2.20 per Subscription Share is fixed by reference to the closing price of the Shares as quoted on the Stock Exchange on 1 February 2002 and represents a premium of approximately 1.15% respectively over the closing price of HK$2.175 per Share quoted on the Stock Exchange on 4 February 2002 February, 2002 and a discount of approximately 1.23% to the average closing price of HK$2.2275 per Share quoted on the Stock Exchange for the 10 trading days immediately prior to 4 February 2002.

The Subscription Option may be exercised within a period of 18 months commencing from the Closing Date ("Option Period") provided that the Subscription Option may not be exercised for more than 3 times by each of the Vendors. The Subscription Option shall lapse and cease to be exercisable upon the expiry of the Option Period or upon the Option Limit being reached or if it has been exercised for 3 times.

Assuming the exercise in full of the subscription rights attaching to the Subscription Option at a subscription price of HK$2.20 per Subscription Share, a total of up to 1,704,545 Subscription Shares will be issued, representing approximately 0.63% of the Company's existing issued share capital (being a total of 271,312,198 Shares) and approximately 0.62% of the Company's issued share capital as enlarged by the issue of the Subscription Shares.

The Vendors together at present hold approximately 2% of the Company's existing issued share capital and, assuming exercise in full of the Subscription Option by all the Vendors, they will together hold approximately 3% of the Company's issued share capital as enlarged by the issue and allotment of the Subscription Shares.

The following table shows the maximum entitlement of the respective Vendors to the Subscription Shares:

Vendors	Number of Subscription Shares
Mr PONG Wai Chung	869,318
Mr LAM Man Wah	596,591
Mr WONG Wai Man	238,636
Total:	1,704,545

The Subscription Shares falling to be issued upon the exercise of the Subscription Option will be issued pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company convened on 18 May 2001. As at the date hereof, the available unexercised amount of such general mandate is 21,359,573 Shares. The Subscription Shares to be allotted and issued pursuant to the exercise of the Subscription Option, when fully paid and issued, will rank pari passu in all respects with the existing Shares then in issue.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares falling to be allotted and issued pursuant to the exercise of the Subscription Option.

New Shareholders Agreement

If the New Put Option is exercised by C&T Investment, the Vendors will be required to purchase the New Put Option Shares and become the holders of 25% of the issued shares in IPL Holding. Upon completion of the sale and purchase of the New Put Option Shares, the New Shareholders Agreement will be entered into by the Vendors, IPL-BVI and IPL Holding in relation to IPL Holding. The form of the New Shareholders Agreement has been agreed by the parties and it will regulate the board composition, the business and management of IPL Group. Pursuant to the New Shareholders Agreement, IPL-BVI will have the right to appoint three out of four directors of IPL Holding and its subsidiaries. The Vendors will collectively have the right to appoint the remaining one director of IPL Holding and its subsidiaries who must not be one of the Vendors and whose appointment shall be subject to approval by IPL-BVI.

Conditions

The variations of the terms of the Principal Agreement are conditional upon fulfillment of, among others, the following conditions by the Long Stop Date:

1. the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Subscription Shares falling to be allotted and issued upon exercise of the Subscription Option; and

2. if necessary, the Bermuda Monetary Authority granting its consent to the allotment and issue of the Subscription Shares.

If any of the above conditions are not fulfilled by the Long Stop Date, the obligations of the parties under the Supplemental Agreement shall forthwith cease and terminate and none of the parties thereto shall have any claim against any of the others of them, save for any claims by any one party against the other parties for antecedent breach of its obligations.

Closing

Closing of the Supplemental Agreement shall take place on the third business day after all the conditions set out in the section headed "Conditions" above have been fulfilled or such later date as C&T Investment and the Vendors may agree.

REASONS FOR THE SUPPLEMENTAL AGREEMENT

The respective amounts of the 2001 Net Profits and 2002 Net Profits have not been determined in accordance with the terms of the Principal Agreement. Under the Principal Agreement, the respective financial obligations of C&T Investment and the Vendors towards one another may fall to be adjusted depending on the amounts of the 2001 Net Profits and 2002 Net Profits with respect to the Acquisition. This may require the making of further payments by C&T Investment to the Vendors or reversion of the Acquisition through the exercise by C&T Investment of the Put Option (details of such possible adjustments are given in the Company's announcement dated 20 June 2001). The Directors believe it to be of benefit to the Company to have such uncertainties reduced or removed altogether.

Since the completion of the Acquisition in July 2001, the Company has developed an in-depth appreciation of the business prospect of IPL Holding. The Directors believe that the protection offered by the Put Option under the Principal Agreement is no longer necessary for the Group.

The Supplemental Agreement could achieve such objective and would enable the parties to the Principal Agreement to crystallize their respective outstanding obligations thereunder and to remove the uncertainties on their financial obligations to one another created by the performance of IPL for the remainder of the fiscal period ending on 31 December 2002. The Directors are of the view that the proposed variation of the terms of the Principal Agreement and the terms of the Supplemental Agreement are fair and reasonable so far as the Company and the Shareholders are concerned. Settlement of the parties' respective financial obligations under the Supplemental Agreement would obviate the need to determine the amount of the 2001 Net Profits and 2002 Net Profits.

INFORMATION ON THE GROUP AND IPL GROUP

Principal activities of the Group

The principal activities of the Group are:

* provision of systems and network integration services as well as related technical support, software installation, professional and training services;

* provision of IT solutions services, application development services as well as related consulting services;

* provision of enterprise application software and services and related IT outsourcing services;

* Distribution of computers and computer related products with value-added services.

Business of the IPL Group

IPL Group is principally engaged in the business of the provision of computer applications solutions for human resource management. IPL is a well-established total software solution provider with special emphasis on human resources and related information systems. Human Resource Information System ("HRIS"), the flagship product of IPL, is the leading Human Resources Management System (HRMS) solution localized to the Asia environment across multiple industries. Established since 1989, IPL has proven successes in providing software package solutions to more than 200 enterprise customers in Asia Pacific, as well as large-scale application service providers (ASP).

Terms used in this announcement:

"2001 Net Profits"	the audited consolidated after tax net profits attributable to the shareholders of IPL for the financial year of IPL ended 31 December 2001
"2002 Net Profits"	the audited consolidated after tax net profits attributable to the shareholders of IPL for the financial year of IPL ending 31 December 2002
"Acquisition"	acquisition by C&T Investment of the entire issued share capital of IPL-BVI on and pursuant to the Principal Agreement
"associate"	has the meaning ascribed thereto in Chapter 1 of the Listing Rules
"BVI"	the British Virgin Islands

"C&T Investment"	Computer And Technologies Investment Limited, a wholly-owned subsidiary of the Company incorporated in the BVI
"Closing"	transaction of the businesses for and in the settlement and performance by the parties to the Supplemental Agreement of their respective obligations thereunder
"Closing Date"	the date on which the Closing shall take place
"Company"	Computer And Technologies Holdings Limited
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"Incentive Option"	the option granted by IPL-BVI to the Vendors in respect of the IPL Holding Shares pursuant to the terms of the Principal Agreement, details of which are set out in the Company's announcement dated 20 June 2001 and the circular to the Shareholders dated 12 July 2001
"IPL"	IPL Research Limited, a company incorporated in Hong Kong and wholly-owned by IPL Holding
"IPL-BVI"	Accuasset Investments Limited, a company incorporated in the BVI which is 100% owned by C&T Investment
"IPL Group"	IPL Holding and its subsidiaries
"IPL Holding"	Accusmart Enterprises Limited, a company incorporated in the BVI which is 99% owned by IPL-BVI and 1% owned by the Vendors as at the date of this announcement
"IPL Holding Shares"	shares of US$0.01 each in the share capital of IPL Holding

"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	21 days from the date of the Supplemental Agreement (or such later date as C&T Investment and the Vendors may agree in writing)
"New Put Option"	the put option to be granted by the Vendors in favour of C&T Investment pursuant to the Supplemental Agreement to require the purchase by the Vendors of the New Put Option Shares
"New Put Option Shares"	a total of 2,500 issued IPL Holding Shares held by the C&T Investment and, in the event of any capital reorganization of IPL Holding Shares, such number of IPL Holding Shares as shall represent 25% of all the IPL Holding Shares then in issue and held by C&T Investment at the time of exercise of the New Put Option
"New Shareholders Agreement"	the shareholders agreement to be entered into by the Vendors, IPL-BVI and IPL Holding in relation to IPL Holding upon exercise by C&T Investment of the New Put Option
"Principal Agreement"	the share subscription and sale agreement dated 20 June 2001 entered into between C&T Investment, the Vendors and IPL-BVI, details of which are set out in the Company's announcement dated 20 June 2001 and the circular to the Shareholders dated 12 July 2001
"Purchase Price"	the total consideration payable by C&T Investment to the Vendors for the Acquisition of IPL-BVI pursuant to the Principal Agreement

"Put Option"	the put option granted by the Vendors in favor of C&T Investment at completion of the Acquisition to require the Vendors to purchase all the issued IPL Holding Shares held by C&T Investment, details of which were given in the Company's announcement dated 20 June 2001 and the circular to the Shareholders dated 12 July 2001
"Share(s)"	shares of HK$0.10 each in the share capital of the Company
"Shareholders"	holders of Shares
"Special Dividend"	the special dividend to be declared by IPL and IPL Holding for the fiscal year ending 31 December 2002 pursuant to the terms of the Principal Agreement, details of which were given in the Company's announcement dated 20 June 2001 and the circular to the Shareholders dated 12 July 2001
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Option"	the option to subscribe for new Shares to be granted by the Company to the respective Vendors pursuant to the Supplemental Agreement
"Subscription Shares"	the new Shares falling to be issued upon any exercise of the Subscription Option
"Supplemental Agreement"	the conditional agreement entered into by the Vendors, C&T Investment and the Company on 4 February 2002 supplementing the Principal Agreement
"Vendors"	Mr PONG Wai Chung, Mr LAM Man Wah and Mr WONG Wai Man
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 4 February 2002

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