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## IMPORTANT

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This circular is for information purpose only and does not constitute an invitation or offer to acquire or subscribe for securities of Infoserve Technology Corp.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Infoserve Technology Corp., you should at once hand this circular to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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### CONNECTED AND DISCLOSEABLE TRANSACTIONS

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This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for 7 days from the date of this circular and on the website of Infoserve Technology Corp. at [www.infoserve-group.com](http://www.infoserve-group.com).

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## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast further profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise.*

“Announcement”	the announcement of the Company dated 16th September, 2002;
“associate”	has the meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of Directors;
“Company”	Infoserve Technology Corp., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
“Completion”	completion of the Subscription Agreement;
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the resolution contained in the EGM Notice to approve the Subscription Agreement and the Subscription, the notice of which is set out on pages 27 to 28 of this circular;
“EGM Notice”	the notice convening the EGM set out on pages 27 to 28 of this circular;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Group”	the Company and its subsidiaries (as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong);
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent Board committee comprising Mr. CHOU Wen Pin and Mr. LEUNG Man Kit;

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## DEFINITIONS

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“Independent Financial Adviser”	South China Capital Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong);
“Independent Shareholders”	being Shareholders who are not (i) Subscribers, and (ii) connected persons (if any) who are interested in the Subscription and the associates of such connected persons;
“Latest Practicable Date”	2nd October, 2002, being the latest practicable date prior to the despatch of this circular for the purposes of ascertaining certain information contained in this circular;
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Pre-IPO Share Option Scheme”	the share option scheme adopted by the Company on 10th September, 2001;
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of nominal value HK\$0.01 each in the capital of the Company;
“Shareholders”	holders of Shares;
“Share Option Scheme”	the share option scheme approved and adopted by the Company on 21st December, 2001;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	LIU Yuan Chang, CHUNG Kwok Mo, HU Nai Shin, LEE Cheng Hsiung, CHIEN Yuan Yu, LIU Chun Kin, LIAO Kuan I, LIN Jen Hsun, HUANG Yu Feng, CHU Chi Wen, LIN Chia Jung, TSAI Tung Chi, TU Han Chou, LIU Wen Hua, LEE Pei Yun, WANG Yu Te, WU Cheng Hsien, TANG Ren Jeng, LIN Sheng Chi, CHIEN Wei Chieh, WANG Te Sheng, SU Che Ping, and TIEN Cheng comprising an existing Director and certain existing management officers and employees of the Group;
“Subscription”	the subscription by the Subscribers severally for the Subscription Shares on the terms and subject to the conditions set out in the Subscription Agreement;

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## DEFINITIONS

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“Subscription Agreement”	the conditional subscription agreement dated 16th September, 2002 entered into between the Company and the Subscribers (acting severally, but not jointly or jointly and severally) relating to the Subscription;
“Subscription Shares”	39,000,000 new Shares in aggregate, which will rank pari passu in all respects with the other Shares in issue at Completion, including the right to receive all dividends and distributions which may be declared made or paid after the Completion date and are free from all encumbrance and third party rights;
“Subscription Price”	HK\$0.20 per Subscription Share;
“US\$”	United States dollar(s), the lawful currency of the United States of America; and
“%”	per cent.

**IS INFOSERVE®**  
**INFOSERVE TECHNOLOGY CORP.**

**英普達資訊科技公司\***

*(Incorporated in Cayman Islands with limited liability)*

*Board of Directors:*

*Executive directors:*

TSAI Jenp Luh

CHANG Hsiao Hui

LIU Yuan Chang

*Non-executive directors:*

BUAY Kee Chuan

YEO Eng Choon

TAY Chek Khoon

(alternative to BUAY Kee Chuan  
and YEO Eng Choon)

*Independent non-executive directors:*

CHOU Wen Pin

LEUNG Man Kit

*Registered office:*

2nd Floor

Cayside, Harbour Drive

P.O. Box 30592

SMB

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head office and principal place of  
business in Hong Kong:*

Suites 2401-4, 24th Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai

Hong Kong

4th October, 2002

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED AND DISCLOSEABLE TRANSACTIONS**

**INTRODUCTION**

It was announced on 16th September, 2002 that the Company and the Subscribers entered into a Subscription Agreement pursuant to which the Subscribers have severally and conditionally agreed to subscribe for 39,000,000 new Shares for cash at HK\$0.20 per Subscription Share.

An independent board committee of the Company (comprising Mr. CHOU Wen Pin and Mr. LEUNG Man Kit) has been formed to consider the Subscription Agreement and the Subscription and to make its recommendation to the Independent Shareholders of the Company in relation to thereto.

\* *For identification purpose only*

## LETTER FROM THE BOARD

The Company has announced that the EGM will be held to seek the approval of the Independent Shareholders with respect to the Subscription Agreement and the Subscription.

The purpose of this letter, the other sections and the appendix of this circular and the EGM Notice is (i) to provide you with further information relating to the Subscription Agreement and the Subscription; (ii) to set out the opinion and recommendation of the Independent Board Committee in respect of the Subscription Agreement and the Subscription as advised by the Independent Financial Adviser; (iii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee with respect to the Subscription Agreement and the Subscription; and (iv) to seek the Independent Shareholders' approval at the EGM to be convened in relation to the Subscription Agreement and the Subscription.

### SUBSCRIPTION AGREEMENT

On 16th September, 2002, the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Subscribers have severally and conditionally agreed to subscribe for 39,000,000 new Shares in the share capital of the Company for cash at HK\$0.20 per Subscription Share.

### Shares to be allotted and issued

Pursuant to the Subscription Agreement the Company will allot and issue 39,000,000 new Shares, representing approximately 6.78% of the issued share capital of the Company (as enlarged by the issue of the Subscription Shares) on Completion. Details of the Subscribers and their shareholdings in the Company as at 16th September, 2002 (being the date of the Announcement), the Latest Practicable Date and immediately following Completion are as follows:

Subscribers	Position	Number of Shares held as at the date of the Announcement and the Latest Practicable Date	Number of Subscription Shares	Number of Shares held immediately after the Completion	% of the total issued share capital as enlarged by the issue of the Subscription Shares
<i>Director</i>					
LIU Yuan Chang	Executive director and chief operating officer	1,134,528	6,220,000	7,354,528	1.28
<i>Management shareholders</i>					
CHUNG Kwok Mo	Chief financial officer	540,000	6,220,000	6,760,000	1.17
HU Nai Shin	Vice president of customer services	777,048	2,330,000	3,107,048	0.54
LEE Cheng Hsiung	Vice president of network operations	728,976	2,330,000	3,058,976	0.53
CHIEN Yuan Yu	Vice president of product development	814,736	580,000	1,394,736	0.24
LIU Chun Kin	Company secretary and qualified accountant	-	250,000	250,000	0.04



## LETTER FROM THE BOARD

Subscribers	Position	Number of Shares held as at the date of the Announcement and the Latest Practicable Date	Number of Subscription Shares	Number of Shares held immediately after the Completion	% of the total issued share capital as enlarged by the issue of the Subscription Shares
<i>Other employees</i>					
LIAO Kuan I	Business development director	1,835,040	5,820,000	7,655,040	1.33
LIN Jen Hsun	Senior sales manager	–	2,900,000	2,900,000	0.51
HUANG Yu Feng	Executive secretary	579,264	1,750,000	2,329,264	0.41
CHU Chi Wen	Vice president of sales	1,394,264	1,200,000	2,594,264	0.45
LIN Chia Jung	Vice president of sales	240,000	1,200,000	1,440,000	0.25
TSAI Tung Chi	Vice president of sales	–	1,200,000	1,200,000	0.21
TU Han Chou	Sales director	179,592	1,200,000	1,379,592	0.24
LIU Wen Hua	Sales director	–	580,000	580,000	0.10
LEE Pei Yun	Sales director	–	580,000	580,000	0.10
WANG Yu Te	Sales director	–	580,000	580,000	0.10
WU Cheng Hsien	Sales director	–	580,000	580,000	0.10
TANG Ren Jeng	Senior sales manager	123,592	580,000	703,592	0.12
LIN Sheng Chi	Manager of network operations	212,616	580,000	792,616	0.14
CHIEN Wei Chieh	Manager of system	162,992	580,000	742,992	0.13
WANG Te Sheng	Manager of research and development	162,992	580,000	742,992	0.13
SU Che Ping	Manager of information technology	69,160	580,000	649,160	0.11
TIEN Cheng	Sales manager	–	580,000	580,000	0.10
		<u>8,954,800</u>	<u>39,000,000</u>	<u>47,954,800</u>	<u>8.33</u>

### Subscription Price

A subscription price of HK\$0.20 is payable for each Subscription Share, aggregating HK\$7,800,000 for the Subscription Shares. The Subscription Price represents a discount of approximately 4.76% to the closing price of HK\$0.21 per Share on the Stock Exchange on 16th September, 2002 (being the date of the Announcement), a discount of approximately 13.04% to the average closing price of HK\$0.23 per Share on the Stock Exchange on the last ten trading days up to and including 16th September, 2002 and a premium of approximately 506% over the unaudited net tangible asset value per Share as at 30th June, 2002.

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## LETTER FROM THE BOARD

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Refundable deposits aggregating not less than HK\$6,240,000 (representing 80% of the total Subscription Price for all the Subscription Shares) were paid by the Subscribers prior to 30th September, 2002. The balance of the Subscription Price for the Subscription Shares will be payable in cash upon Completion.

### **Conditions of the Subscription Agreement**

Completion of the Subscription Agreement is conditional upon the satisfaction of the following conditions:

- (a) the Stock Exchange agreeing to grant listing of and permission to deal in the Subscription Shares (subject only to allotment and despatch); and
- (b) the Subscription Agreement and the Subscription having been approved by the Shareholders at the EGM to be convened, with the Subscribers (being Shareholders) and such other Shareholders (if any) who are not permitted to vote under the GEM Listing Rules in relation to the relevant resolution(s) to be proposed at such EGM abstaining from voting.

The above conditions cannot be waived and, should such conditions not be fulfilled by 31st October, 2002 (or such later date as the Company and the Subscribers may agree) the Subscription Agreement will lapse.

### **Completion**

Completion of the Subscription will take place on the third business day after the date on which the last of the conditions of the Subscription Agreement have been fulfilled and is expected to be not later than 31st October, 2002. In the event that the conditions of the Subscription Agreement shall not have been fulfilled on or prior to 31st October, 2002 (or such later date as the Company and the Subscribers may agree) the Subscription Agreement will terminate and the Company will arrange for the repayment to all the Subscribers of the respective amounts of the deposits received by the Company pursuant to the terms of the Subscription Agreement in full without interest.

### **Non-disposal Undertakings**

Each of LIU Yuan Chang and CHUNG Kwok Mo, being two of the Subscribers, have voluntarily severally undertaken to the Company that, for the period commencing as from Completion and ending on 8th January, 2003 (being the date on which the moratorium against disposal of Shares by certain initial management Shareholders as required by the GEM Listing Rules (as stated in the prospectus of the Company dated 28th December, 2001) will expire), they will not (without the prior written consent of the Company) dispose of the Subscription Shares to be issued to them pursuant to the Subscription Agreement.

### **BASIS FOR THE CONSIDERATION**

The consideration and other terms of the Subscription Agreement were concluded after arm's length negotiations.

# LETTER FROM THE BOARD

## SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company as at the date of the Announcement, the Latest Practicable Date and immediately after Completion:

Shareholder	Number of Shares held as at the date of the Announcement and the Latest Practicable Date	%	Number of Shares held immediately after the Completion (Note 4)	% (Note 4)
KA Land Pte Ltd. (note 1)	143,802,864	26.81%	143,802,864	24.99%
TSAI Jenp Luh (note 2)	99,523,688	18.55%	99,523,688	17.30%
CHANG Hsiao Hui (Note 2)	103,140,752	19.23%	103,140,752	17.93%
LIU Yuan Chang (note 2)	1,134,528	0.21%	7,354,528	1.28%
CDIB (note 3)	28,656,000	5.34%	28,656,000	4.98%
Other management shareholders (note 6)	4,977,088	0.93%	16,687,088	2.89%
Public shareholders (Note 5)	155,147,536	28.93%	176,217,536	30.63%
<b>Total</b>	<b>536,382,456</b>	<b>100.00%</b>	<b>575,382,456</b>	<b>100.00%</b>

Notes:

- KA Land Pte Ltd. is a wholly-owned subsidiary of Singapore Telecommunications Limited.
- Mr. TSAI Jenp Luh, Mr. CHANG Hsiao Hui and Mr. LIU Yuan Chang are executive Directors.
- China Development Industrial Bank Inc. (“CDIB”) is an initial management shareholder of the Company.
- This is assuming that, other than the issue of the Subscription Shares in full, there will be no changes to the number of the issued Shares of the Company and the number of Shares held by the Shareholders as stated in this table from the Latest Practicable Date up to Completion.
- These Shares are held in public hands and constitute the Company’s public float.
- Details of shareholdings of other management shareholders are as follows:

Other management shareholders	Position	Number of Shares held as at the date of this announcement	%	Number of Shares held immediately after the Completion (see Note 4 above)	% (see Note 4 above)
CHUNG Kwok Mo	Chief financial officer	540,000	0.10%	6,760,000	1.17%
HU Nai Shin	Vice president of customer services	777,048	0.15%	3,107,048	0.54%
LEE Cheng Hsiung	Vice president of network operations	728,976	0.14%	3,058,976	0.53%
WANG Kun Hung	Chief technology officer	2,116,328	0.39%	2,116,328	0.37%
CHIEN Yuan Yu	Vice president of product development	814,736	0.15%	1,394,736	0.24%
LIU Chun Kin	Company secretary and qualified accountant	-	-	250,000	0.04%
<b>Total</b>		<b>4,977,088</b>	<b>0.93%</b>	<b>16,687,088</b>	<b>2.89%</b>

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# LETTER FROM THE BOARD

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## **CONNECTED AND DISCLOSEABLE TRANSACTIONS**

The Subscribers comprise a Director, 5 management shareholders and 17 employees of the Group. Further, the aggregate amount of the Subscription Price payable by the Subscribers is HK\$7,800,000 (or approximately US\$1 million), which amount represents approximately 43.7% (being more than 15%) of the unaudited consolidated net tangible asset value of approximately US\$2.29 million of the Group as at 30th June, 2002. The Subscription accordingly constitutes connected and discloseable transactions for the Company within the meaning of the GEM Listing Rules. The Subscription is subject to the approval of the Independent Shareholders at the EGM. The Company has made an application to the Listing Committee of GEM for the listing of and permission to deal in the Subscription Shares to be issued under the Subscription Agreement.

## **REASONS FOR THE SUBSCRIPTION**

The Group is principally engaged in the provision of (i) communications services; (ii) Internet access and related services; and (iii) virtual private network and solutions services. Presently, the Group provides its services mainly to small and medium-sized enterprises principally in five Asian markets comprising Taiwan, Hong Kong, the PRC, Japan, Singapore, and the United States.

The Directors consider that the Subscription will enlarge the capital base of the Company and will strengthen the financial position of the Group. The Directors further consider the Subscription to be on normal commercial terms and that the terms of the Subscription Agreement are fair and reasonable and, accordingly, in their opinion are in the best interests of the Company and its Shareholders as a whole.

Net proceeds of the Subscription are estimated to be approximately HK\$7.60 million (or approximately US\$974,000) after deduction of the relevant expenses and will be used as to (i) approximately HK\$6.24 million (or approximately US\$800,000) for settlement of trade and other payables; (ii) approximately HK\$0.78 million (or approximately US\$100,000) for the repayment of bank loans and bank overdrafts; and (iii) the balance of approximately HK\$0.58 million (or approximately US\$74,000) as general working capital.

## **FINANCIAL EFFECTS OF THE SUBSCRIPTION**

The Subscription is not expected to have a direct impact on the Company's earnings. Upon Completion of the Subscription it is expected that there will be an increase in the Company's assets by HK\$7.60 million (approximately US\$974,000) being an amount equal to the net proceeds of the Subscription, which will be used in the manners described out above.

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## LETTER FROM THE BOARD

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### EGM AND VOTING RECOMMENDATIONS

The Company will convene the EGM at which an ordinary resolution will be proposed to approve the issue of the Subscription Shares, and, accordingly, the Subscription Shares will not be issued by the Directors exercising the general mandate granted by the Shareholders at the annual general meeting of the Company held on 29th April, 2002.

The Independent Board Committee has been appointed to advise the Independent Shareholders in respect of the Subscription Agreement and the Subscription and the Independent Financial Adviser has been appointed to advise the Independent Board Committee regarding the Subscription Agreement and the Subscription.

Based on the factors and the intended use of the proceeds of the Subscription stated in the paragraph headed “Reasons for the Subscription” in this letter, the Directors believe that the Subscription Agreement and the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreement and the Subscription.

Having considered the advice given by the Independent Financial Adviser, the Independent Board Committee also recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreement and the Subscription.

The Subscribers (who are Shareholders), and any connected persons who are interested in the Subscription Agreement or the Subscription and any associates of such connected persons, will abstain from voting on the resolution to approve the Subscription Agreement and the Subscription at the EGM.

### GENERAL

Your attention is drawn to the text of the letter from the Independent Board Committee (set out on pages 11 to 12 of this circular) which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the Subscription Agreement and the Subscription, and the letter from the Independent Financial Adviser to the Independent Board Committee (set out on pages 13 to 20 of this circular) which contains the recommendation of the Independent Financial Adviser to the Independent Board Committee in relation to the Subscription Agreement and the Subscription and the factors considered by the Independent Financial Adviser in arriving at its recommendation. In addition, your attention is drawn to the general information set out in the appendix to this circular and to the EGM Notice.

An announcement on the results of the EGM will be made on the business day following the EGM.

By Order of the board of  
**Infoserve Technology Corp.**  
**TSAI Jenp Luh**  
*Chairman*

 **INFOSERVE<sup>®</sup>**  
**INFOSERVE TECHNOLOGY CORP.**  
**英普達資訊科技公司\***  
*(Incorporated in Cayman Islands with limited liability)*

4th October, 2002

*To the Independent Shareholders:*

Dear Sir or Madam,

**CONNECTED AND DISCLOSEABLE TRANSACTIONS**

**INTRODUCTION**

We, being the independent non-executive Directors comprising the Independent Board Committee, are writing to you to set out our recommendation in respect of the Subscription Agreement and the Subscription. Terms and expressions defined in the circular dated 4th October, 2002 of Infoserve Technology Corp. (the “Circular”, of which this letter forms part) shall have the same meanings when used herein.

The Independent Board Committee has been appointed by the Board to advise you as an Independent Shareholder whether in its view the Subscription Agreement and the Subscription, as connected transactions within the meaning of the GEM Listing Rules, are in the best interests of the Company and the Independent Shareholders as a whole and whether the relevant terms of the Subscription Agreement and the Subscription are fair and reasonable. The Independent Financial Adviser has been appointed to advise the Independent Board Committee in this relation.

The terms of the Subscription Agreement and the Subscription are summarised in the Letter from the Board set out on pages 4 to 10 of the Circular. In addition, the Independent Board Committee was advised by the Independent Financial Adviser in reviewing the terms of the Subscription Agreement and the Subscription. You are strongly urged to read the Independent Financial Adviser’s letter to the Independent Board Committee, which is set out on pages 13 to 20 of the Circular. As referred to in the Letter from the Board, the Subscribers (being Shareholders) and other connected persons, if any, who are interested in the Subscription Agreement or the Subscription and the associates of such connected persons, will abstain from voting on the ordinary resolution to be proposed at the EGM for approving the Subscription Agreement and the Subscription.

\* *For identification purpose only*

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# LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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## RECOMMENDATION

Being members of the Independent Board Committee, we have discussed with the management of the Company the reasons for the Subscription. We have also discussed with the Independent Financial Adviser the bases of its advice to us.

Taking into account the principal factors and reasons considered, and the recommendation given, by the Independent Financial Adviser, the Independent Board Committee considers that the Subscription Agreement and the Subscription are in the best interests of the Company and the Independent Shareholders as a whole and that the terms of the Subscription Agreement and the Subscription are fair and reasonable insofar as the Independent Shareholders as a whole are concerned and are on normal commercial terms in the normal course of business.

Accordingly, the Independent Board Committee recommends that you vote in favour of the ordinary resolution set out in the EGM Notice for approving the Subscription Agreement and the Subscription.

Yours faithfully,

THE INDEPENDENT BOARD COMMITTEE

**CHOU Wen Pin**

and

**LEUNG Man Kit**

*Independent non-executive Directors*

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# LETTER FROM SOUTH CHINA

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*The following is the text of a letter of advice to the Independent Board Committee from South China dated 4th October, 2002 prepared for the purpose of incorporation in this circular:*



**South China Capital Limited** 南華融資有限公司

28/F., Bank of China Tower, No. 1 Garden Road Central, Hong Kong.  
Tel: 2820 8333 Telex: 69208 SCSL Fax 2523 9621

The Independent Board Committee  
Infoserve Technology Corp.  
Suite 2401-4, 24th Floor  
Dah Sing Finance Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

4th October, 2002

Dear Sirs,

## **CONNECTED AND DISCLOSEABLE TRANSACTIONS PLACING AND SUBSCRIPTION OF SHARES**

We refer to our appointment by the Company to advise the Independent Board Committee in respect of the terms of the Subscription Agreement and the Subscription, details of which are set out in the “Letter From the Board” contained in the circular dated 4th October, 2002 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

On 16th September 2002, the Company and the Subscribers have entered a conditional subscription agreement, pursuant to which, the Subscribers have severally agreed to subscribe for 39,000,000 new Shares for cash at HK\$0.20 per Subscription Share. The Subscribers comprise a Director, 5 management shareholders and 17 employees of the Group. The aggregate amount of the Subscription Price payable by the Subscribers for the Subscriptions Shares is HK\$7,800,000 (or approximately US\$1 million), which amount represents approximately 43.7% (being more than 15%) of the unaudited consolidated net tangible assets value of the Group as at 30th June, 2002. The Subscription therefore constitutes connected and disclosable transactions under the GEM Listing Rules and requires, among others, approval of Independent Shareholders of the Company at the EGM.

In arriving at our opinion and recommendation, we have relied on the information supplied and the opinion expressed by the Directors and the management of the Company. We have assumed that the information contained and representations made to us or referred to in the Circular are true, accurate and complete at the time they were made and continue to be so at the date of the Circular.



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## LETTER FROM SOUTH CHINA

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We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading.

Having made all reasonable enquiries, the Directors of the Company have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and further confirmed that, to the best of their knowledge and belief, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee in respect of the terms of the Subscription Agreement and the Subscription, we have taken the following principal factors and reasons into consideration:

#### **1. Introduction**

On 16th September 2002, the Company and the Subscribers have entered a Subscription Agreement, pursuant to which, the Subscribers have severally agreed to subscribe for 39,000,000 new Shares for cash at HK\$0.20 per Subscription Share. Completion of the Subscription Agreement is conditional upon the satisfaction of the following conditions: (a) the Stock Exchange agreeing to grant listing of and permission to deal in the Subscription Shares (subject only to allotment and despatch); and (b) the Subscription Agreement and the Subscription having been approved by the Shareholders at an EGM to be convened, with the Subscribers (being Shareholders) and such other Shareholders (if any) who are not permitted to vote under the GEM Listing Rules in relation to the relevant resolution(s) to be proposed at such EGM abstaining from voting.

# LETTER FROM SOUTH CHINA

## Shareholding Structure

Set out below is a table showing the shareholding structure of the Company as at 16th September, 2002 and immediately after Completion:

Shareholder	Number of Shares held as at 16th September, 2002	%	Number of Shares held immediately after the Completion (Notes 4)	%(Notes 4)
KA Land Pet Ltd. (Note 1)	143,802,864	26.81%	143,802,864	24.99%
TSAI Jenp Luh (Note 2)	99,523,688	18.55%	99,523,688	17.30%
CHANG Hsiao Hui (Note 2)	103,140,752	19.23%	103,140,752	17.93%
LIU Yuan Chang (Note 2)	1,134,528	0.21%	7,354,528	1.28%
CDIB (Note 3)	28,656,000	5.34%	28,656,000	4.98%
Other management shareholders (Note 6)	4,977,088	0.93%	16,687,088	2.89%
Public shareholders (Note 5)	155,147,536	28.93%	176,217,536	30.63%
<b>Total</b>	<b>536,382,456</b>	<b>100.00%</b>	<b>575,382,456</b>	<b>100.00%</b>

*Notes:*

- KA Land Pte Ltd. ("KA Land") is a wholly-owned subsidiary of Singapore Telecommunications Limited.
- Mr. TSAI Jenp Luh, Mr. CHANG Hsiao Hui and Mr. LIU Yuan Chang are executive Directors.
- China Development Industrial Bank Inc. ("CDIB") is an initial management shareholder of the Company.
- This is assuming that, other than the issue of the Subscription Shares in full, there will be no changes to the number of Shares as stated and held by the Shareholders listed in this table after the date of this announcement and up to Completion.
- These Shares are held in public hands and constitute the Company's public float.
- Details of shareholdings of other management shareholders are as follows:

Other management shareholders	Position	Number of Shares held as at 16th September, 2002	%	Number of Shares held immediately after the Completion (Notes 4)	%(Notes 4)
CHUNG Kwok Mo	Chief financial officer	540,000	0.10%	6,760,000	1.17%
Hu Nai Shin	Vice president of customer services	777,048	0.15%	3,107,048	0.54%
LEE Cheng Hsiung	Vice president of network operations	728,976	0.14%	3,058,976	0.53%
WANG Kun Hung	Chief technology officer	2,116,328	0.39%	2,116,328	0.37%
CHIEN Yuan Yu	Vice president of product development	814,736	0.15%	1,394,736	0.24%
LIU Chun Kin	Company secretary and qualified accountant	-	-	250,000	0.04%
<b>Total</b>		<b>4,977,088</b>	<b>0.93%</b>	<b>16,687,088</b>	<b>2.89%</b>

## *Non-disposal Undertakings*

Each of LIU Yuan Chang and CHUNG Kwok Mo, being two of the Subscribers, have severally undertaken to the Company that, for the period commencing as from Completion and ending on 8th January, 2003 (being the date on the which the moratorium against disposal of Shares by certain initial management Shareholders (as stated in the prospectus of the Company dated 28th December, 2001 will expire), they will not (without the prior written consent of the Company) dispose of the Subscription Shares to be issued to them pursuant to the Subscription Agreement.

## **2. Reasons for and benefits of the Subscription**

The Group is principally engaged in the provision of (i) communications services; (ii) Internet access and related services; and (iii) virtual private network and solutions services. Presently, the Group provides its services mainly to small and medium-sized enterprises principally in five Asian markets comprising Taiwan, Hong Kong, the PRC, Japan, Singapore, and the United States.

The Directors consider that the Subscription will enlarge the capital base of the Company and will strengthen the financial position of the Group. The Directors further consider the Subscription to be on normal commercial terms and that the terms of the Subscription Agreement are fair and reasonable and, accordingly, in their opinion are in the best interests of the Company and its Shareholders as a whole.

The net proceeds receivable by the Company under the Subscription is estimated to be approximately HK\$7.60 million (or approximately US\$974,000), of which HK\$6.24 million (or approximately US\$800,000) will be applied for settlement of trade and other payables, HK\$0.78 million (or approximately US\$100,000) will be applied for repayment of bank loans and bank overdrafts and remaining HK\$0.58 million (or approximately US\$74,000) will be retained as general working capital.

We concur with the view of the Directors that the Subscription will provide additional funding for the Group to finance its operation. Approximately 82% of the net proceeds receivable will be used to settle long outstanding trade and other payables with the main suppliers. After the settlement of the long outstanding trade and other payables, the current ratio of the Group will be improved and timely supplies can be ensured. Also, the remaining proceeds receivable will be applied to repay the bank overdrafts and to enlarge the capital base of the Group. As a result, the financial position of the Group will be improved, which is in the interest of its Shareholders as a whole.

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## LETTER FROM SOUTH CHINA

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### 3. Subscription Price

The highest, lowest and the closing prices of the Shares traded on the Stock Exchange from 8th January 2002 to the Latest Practicable Date were as follow:

<b>Month</b>	<b>Highest price</b> <i>HK\$</i>	<b>Lowest price</b> <i>HK\$</i>	<b>Closing price</b> <i>HK\$</i>
<b>2002</b>			
January	1.51	0.79	0.97
February	1.25	1.08	1.11
March	1.40	1.11	1.28
April	1.69	1.22	1.69
May	1.88	1.60	1.84
June	1.95	1.80	1.80
July	1.80	0.45	0.45
August	0.40	0.241	0.245
September	0.245	0.16	0.16
Latest Practicable Date	0.16	0.16	0.16

The highest and the lowest prices of the Shares traded on the Stock Exchange for the past 9 months ranged from HK\$0.16 to HK\$1.95.

The Subscription Price of HK\$0.20 per Share represents:

- a discount of approximately 4.76% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on 16th September, 2002, being the date of the announcement regarding the Subscription Agreement;
- a discount of approximately 13.04% to the average of the closing prices of approximately HK\$0.23 per Share for the 10 consecutive trading days ended up to and including 16th September, 2002;
- a discount of approximately 23.08% to the average of the closing prices of approximately HK\$0.26 per Share for the 30 consecutive trading days ended up to and including 16th September, 2002;
- a premium of approximately 25% to the closing price of HK\$0.16 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- a premium of approximately 506.06% to the unaudited consolidated net tangible asset value of approximately US\$0.427 cents per Share as at 30th June, 2002, being the date of the latest interim report of the Company.

We consider that the discounts of the Subscription Price to the above closing prices are fair and reasonable as the turnover of the Shares recorded for the period from 8th January, 2002 to 16th September, 2002 was thin. During such period, the average daily trading volume of Shares was approximately 1,021,939 Shares, representing 0.018% of the existing issued share capital of the Company, with the highest volume being 22,945,000 Shares recorded on 8th January, 2002 and the lowest being no transaction recorded on 19th February, 2002, 21st February, 2002, 27th February,

# LETTER FROM SOUTH CHINA

2002, 4th March, 2002, 20th March, 2002, 2nd July, 2002, 5th July, 2002, 9th July, 2002, 11st July, 2002, 15th July, 2002, 17th July, 2002, 25th July, 2002, 29th July, 2002, 31st July, 2002, 5th August, 2002, 6th August, 2002, 8th August, 2002, 20th August, 2002, 26th August, 2002, 2nd September, 2002, 5th September, 2002, 10th September, 2002, 12th September, 2002, 18th September 2002, 19th September, 2002, 23rd September, 2002, 25th September, 2002, 26th September, 2002, 27th September, 2002 and 2nd October, 2002.

Under the prevailing poor market condition and in consideration of low turnover of the Shares, we should add a marketability discount on the price of the Shares. In addition, it is noted that most listed companies will issue new shares at a discount to their respective closing prices immediately prior to the issue of new shares. Moreover, the Subscribers have deposited 80% of the subscription monies before the actual delivery of the Shares and we should take account of the price risk. Based on the above factors, we consider the discount to the Subscription Price to the above closing prices is fair and reasonable so far as the Shareholders concerned.

#### 4. Shareholding dilution

Assuming the Subscription of the new Shares is approved, 39,000,000 Shares will be issued by the Company to the Subscribers, representing approximately 7.27% of the issued share capital of the Company as at the Latest Practicable Date. Upon Completion of the Subscription, the aggregate shareholding of KA Land, the majority shareholder in the Company will be decreased from approximately 26.81% to approximately 24.99%, while the aggregate shareholding of the management shareholders will be increased from 0.93% to 2.89% and the aggregate shareholding of the public shareholders, comprising of, amongst others, 17 employees of the Group will be increased from approximately 28.93% to 30.63%. As a result, the public float will increase following the Completion. On this basis, the dilution effect on the shareholding of the existing Shareholders is acceptable and the Subscription and the allotment and issue of the Subscription Shares are in the interest of the Shareholders as a whole.

#### 5. Financial effects on the Group

(i) *Net tangible assets value*

The effect of the Subscription on the consolidated net tangible asset value of the Group is shown as follows:

	<i>US\$'000</i>	<b>Per Share</b> <i>US cents</i>
Unaudited adjusted consolidated net tangible assets value as at 30th June, 2002	2,288	0.427 <i>(Note 1)</i>
Net proceeds from the Subscription	<u>974</u>	
Unaudited adjusted consolidated net tangible assets value immediately after Completion	<u><u>3,262</u></u>	0.567 <i>(Note 2)</i>

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## LETTER FROM SOUTH CHINA

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*Notes:*

1. Based on 536,382,456 Shares in issue as the Latest Practicable Date.
2. Based on 575,382,456 Shares in issue after taking into account of the 39,000,000 Subscription Shares to be issued upon Completion.

As demonstrated above, the unaudited adjusted consolidated net tangible assets value of the Group immediately after Completion will increase by approximately 32.8% on a per Share basis, the unaudited adjusted consolidated net tangible assets value of the Group immediately after Completion will increase by approximately 42.6%. The adjusted consolidated net tangible assets value of the Group increases immediately after the Subscription and the adjusted net tangible assets represented by each Share increases. The financial position of the Group will improve. We consider that the capital base of the Group can be enlarged and it is favorable to the long-term development of the Group. As a result, it is in the interest of the Shareholders as a whole.

*(ii) Gearing*

Based on the unaudited consolidated management accounts of the Group as at 30th June, 2002, the total long-term borrowings of the Group amounted to approximately HK\$44.90 million (or approximately US\$5.76 million), represented a gearing ratio (the ratio of long-term bank loans, finance lease obligations and amounts due to directors to shareholders' equity) of approximately 252%. Immediately after the Completion, the total long-term borrowings of the Group remains unchanged whereas the shareholders' equity increases by approximately HK\$7.60 million (or approximately US\$0.97 million) from approximately HK\$17.85 million (or approximately US\$2.29 million) to approximately HK\$25.44 million (or approximately US\$3.26 million), results in a decrease in the gearing ratio (calculated on the same basis) by approximately 76% from approximately 252% to approximately 176%. With a lower gearing ratio for the Group after the Completion of the Subscription, then the long-term borrowings relative to each Share is reduced. The financial position of the Group will improve and it is in the interest of the Shareholders as a whole.

Taken into account the improvement in the financial position of the Group in terms of the enhancement in the consolidated net tangible assets value of the Group, which suggested a higher adjusted net assets value holding by each Share and the lowering of the gearing ratio of the Group, which suggested a lower long-term borrowings relative to each Share is favorable to the long-term development of the Group. We are in the view that the Subscription and the allotment and issue of the new Shares are in the interest of the Group and the Shareholders as a whole.

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## LETTER FROM SOUTH CHINA

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### RECOMMENDATION

Having taken into consideration the above principal factors and reasons, and in particular, the payment method arrangement of the transaction, we consider the transaction is favourable to the Group, since the Subscribers have to pay 80% deposit before the Completion. Also, we also consider the terms of the Subscription Agreement and the Subscription are fair and reasonable so far as the interests of the Shareholders are concerned and are in the interests of the Group as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM to approve the Subscription and the allotment and issue of the Subscription Shares.

Yours faithfully,  
For and on behalf of  
**South China Capital Limited**  
**Richard Howard Gorges**  
*Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which were notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under section 31 of, or part 1 of the schedule to, the SDI Ordinance), or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein, or which were required, pursuant to rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Ordinary shares

Name	Number of Shares				Total interest
	Corporate interest	Personal interest	Family interest	Other interest	
TSAI Jenp Luh	–	99,305,288	218,400 <i>(note 1)</i>	–	99,523,688
CHANG Hsiao Hui	–	99,628,984	3,511,768 <i>(note 2)</i>	–	103,140,752
LIU Yuan Chang <i>(note 3)</i>	–	1,134,528	–	–	1,134,528



*Notes:*

1. These Shares are held by Ms. TU Wen-Yueh, the spouse of TSAI Jenp Luh.
2. These Shares are held by Ms. LIN Huei-Lin, the spouse of CHANG Hsiao Hui.
3. LIU Yuan Chang is a Subscriber under the Subscription Agreement and has agreed to subscribe new Shares on the terms and conditions of the Subscription Agreement.

(b) Pursuant to the Pre-IPO Share Option Scheme and Share Option Scheme, the share options granted to and held by the Directors up to the Latest Practicable Date were as follows:

Name	Date of grant	Exercise price per Share	Exercise period	Number of options
TSAI Jenp Luh	27th December, 2001	0.70	8th July, 2002 to 20th December, 2011	1,144,000
	21st February, 2002	1.212	1st January, 2003 to 31st December, 2005	1,500,000
CHANG Hsiao Hui	27th December, 2001	0.70	8th July, 2002 to 20th December, 2011	1,609,000 <i>(Note 1)</i>
	21st February, 2002	1.212	1st January, 2003 to 31st December, 2005	1,580,000 <i>(Note 2)</i>
LIU Yuan Chang	27th December, 2001	0.70	8th July, 2002 to 20th December, 2011	520,000
	21st February, 2002	1.212	1st January, 2003 to 31st December, 2005	1,400,000

*Notes:*

1. Options to subscribe for 1,136,000 shares are granted to Mr. CHANG Hsiao Hui personally and options to subscribe for 473,000 shares are granted to his spouse, Ms. LIN Huei Lin.
2. Options to subscribe for 1,500,000 shares are granted to Mr. CHANG Hsiao Hui personally and options to subscribe for 80,000 shares are granted to his spouse, Ms. LIN Huei Lin.

### 3. INTERESTS IN CONTRACTS AND ASSETS

No contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date. As at the Latest Practicable Date, none of the Directors or South China Capital Limited had any direct or indirect interest in any assets which had been, since 31st December, 2001, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### 4. COMPETING INTERESTS

Mr. BUAY Kee Chuan is a director of Failsafe Corporation (Singapore) Pte Ltd, whose business includes the provision of data center and data center related services as well as disaster recovery services in Singapore.

Mr. TAY Chek Khoon is a director of (i) Lanka Communication Services (Private) Limited, whose business is a data telecommunications provider of Internet services, international leased circuits, switch services, frame relay, international fax message, VSAT and facility management; and (ii) APT Satellite Telecommunications Limited, whose business is the provision of telecommunication network services including wholesale telecom services, VSAT services and International Pop Gateway and facility management for telecommunication equipment.

A summary of these interests is set out on page 38 of the half-yearly report 2002 of the Company.

As at the Latest Practicable Date, KA Land, a wholly owned subsidiary of SingTel is interested in 26.81% of the issued Shares of the Company. Following Completion, SingTel will be interested in 24.99% of the issued Shares of the Company, assuming that, other than the issue of the Subscription Shares in full, there will be no changes to the number of Shares as stated and held by the Shareholders as at the date of Announcement.

SingTel is one of Asia's leading communications companies and provides a comprehensive portfolio of services including voice and data services over fixed, wireless and Internet platforms which competes, or may compete, with the Group in the countries in which the Group operates. A summary of the competing business of SingTel is set out on pages 36 and 37 of the half-yearly report 2002 of the Company.

Save as disclosed above, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

#### 5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register of substantial shareholders maintained under section 16(1) of the SDI Ordinance, the Company had been notified of the following interests (not being those of the Directors or chief executive of the Company) of 10% or more of the issued share capital of the Company:

Name	Number of Shares
KA Land Pte Ltd. (a wholly owned subsidiary of Singapore Telecommunications Limited)	143,802,864

## 6. SPONSOR'S INTERESTS

As at the Latest Practicable Date, neither Somerley Limited (being the sponsor of the Company appointed pursuant to rule 6.01 of the GEM Listing Rules) nor any of its directors or employees or associates (as referred to in note 3 to rule 6.35 of the GEM Listing Rules) had any interest in the securities of the Company, including options or rights to subscribe for such securities, or under the Subscription Agreement.

## 7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 8. NO MATERIAL ADVERSE CHANGE

Same as disclosed in this circular, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 30th June, 2002, the date to which the latest interim-financial report of the Company was made up.

## 9. INDEPENDENT FINANCIAL ADVISER

South China Capital Limited is an investment adviser registered under the Securities Ordinance (Chapter 333 of the laws of Hong Kong). South China Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and reference to its name and letter in the form and context in which it appears. As at the Latest Practicable Date, South China Capital Limited has no shareholding in any member of the Group, and does not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 10. SERVICE CONTRACTS

Each of the executive Directors (namely TSAI Jenp Luh, CHANG Hsiao Hui and LIU Yuan Chang) has entered into a service contract with the Company for a period of three years commencing on 21st December, 2001. The term of each such service contract is continuous unless, after the expiry of the first year of service, terminated by not less than three months' prior notice in writing served by either party on the other or by payment of three months' salary in lieu of such notice.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

**11. GENERAL**

- (a) The Company is incorporated in the Cayman Islands and has an authorised share capital of HK\$8,000,000 divided into 800,000,000 shares of HK\$0.01 each, of which 536,382,456 Shares have been issued and are fully paid and are listed on the Stock Exchange.
- (b) The registered office of the Company is at 2nd Floor, Cayside, Harbour Drive, P.O. Box 30592, SMB, George Town, Grand Cayman, Cayman Islands, British West Indies and the head office and principal place of business of the Company is at Suites 2401-4, 24th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong.
- (c) The Qualified Accountant appointed under rule 5.10 of the GEM Listing Rules of the Company is Mr. LIU Chun Kin. Mr. LIU is an associate of the Hong Kong Society of Accountants.
- (d) The Compliance Officer of the Company appointed under rule 5.14 of the GEM Listing Rules is Mr. LIU Yuan Chang. Mr. LIU received a Master of Electronic Engineering degree from the Chun-Cheng Institute of Technology and Theory in Taiwan in 1988 and a Bachelor of Electronic Engineering degree from Chun-Yuan Christian University in Taiwan in 1986.
- (e) The Company Secretary of the Company is Mr. LIU Chun Kin. Mr. LIU is an associate of the Hong Kong Society of Accountants.
- (f) The Company has established an audit committee with terms of reference in compliance with rules 5.23 to 5.24 of the GEM Listing Rules. The audit committee comprises three members, namely Mr. LEUNG Man Kit, Mr. CHOU Wen Pin and Mr. BUAY Kee Chuan. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

Mr. LEUNG Man Kit is an investment banker with 25 years of experience in project finance and corporate finance. He has held senior positions with Peregrine Capital Limited, Crosby Securities (HK) Limited and Warburg Dillon Read. He has also represented AIG Asian Infrastructure Fund on the board of directors of its investment companies.

Mr. CHOU Wen Pin holds a bachelor's degree in architecture from California Polytechnic University, a master's degree in architecture from Cornell University and a master's degree in design in real estate development from Harvard University Design School, the United States. He is the chairman of DeliriumCyberTouch Corporation, an e-business solutions provider.

Mr. BUAY Kee Chuan holds a bachelor of arts degree from the National University of Singapore and a master of science degree in management from Stanford University, the United States. He is the chief executive officer of SingTel's Multimedia Group, the vice president for consumer marketing and services as a director on the boards of various joint ventures of SingTel (information in respect of which is set out in paragraph 4 above).

- (g) Dealings in Shares may be settled through the Central Clearing and Settlement System established by Hong Kong Securities Clearing Company Limited and investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.
- (h) The English version of this circular shall prevail over the Chinese text.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at Suites 2401-4, 24th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong during normal business hours on any Business Day from the date of this circular until 21st October, 2002:

- (a) the memorandum and articles of association of the Company;
- (b) the Subscription Agreement;
- (c) the service contracts referred to in the section headed “Service contracts” of this appendix;
- (d) the written consent of South China Capital Limited as referred to in paragraph 9 of this Appendix;
- (e) the letter from South China Capital Limited to the Independent Board Committee as set out on pages 13 to 20 of this circular; and
- (f) the letter from the Independent Board Committee as set out on pages 11 to 12 of this circular.

**IS INFOSERVE®**  
**INFOSERVE TECHNOLOGY CORP.**

**英普達資訊科技公司\***

*(Incorporated in Cayman Islands with limited liability)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Infoserve Technology Corp. (the “Company”) will be held at Suites 2401-4, 24th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on 21st October, 2002 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

**“THAT:**

- (1) the subscription agreement dated 16th September, 2002 (the “Subscription Agreement”) between Infoserve Technology Corp. (the “Company”) and LIU Yuan Chang, CHUNG Kwok Mo, HU Nai Shin, LEE Cheng Hsiung, CHIEN Yuan Yu, LIU Chun Kin, LIAO Kuan I, LIN Jen Hsun, HUANG Yu Feng, CHU Chi Wen, LIN Chia Jung, TSAI Tung Chi, TU Han Chou, LIU Wen Hua, LEE Pei Yun, WANG Yu Te, WU Cheng Hsien, TANG Ren Jeng, LIN Sheng Chi, CHIEN Wei Chieh, WANG Te Sheng, SU Che Ping, and TIEN Cheng (the “Subscribers”), pursuant to which, amongst other things, the Subscribers have severally and conditionally agreed to subscribe for, and the Company has agreed to allot and issue 39,000,000 new ordinary shares of nominal value of HK\$0.01 each in the capital of the Company (the “Subscription Shares”), a copy of which marked “A” has been produced to the meeting and initialled by the chairman of the meeting for the purposes of identification, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and the entering into of the Subscription Agreement and the performance by the Company of its obligations under the Subscription Agreement be and are hereby approved, ratified and confirmed;
- (2) the allotment and issue of 39,000,000 new ordinary shares of nominal value of HK\$0.01 each in the capital of the Company to the Subscribers on terms of the Subscription Agreement be and are hereby approved; and
- (3) the board of directors of the Company, or any director of the Company, be and is hereby authorised and instructed to take all such steps as they or the relevant director (as the case may be) may consider necessary or desirable or expedient for the purpose of or in connection with the implementation of the Subscription Agreement, the Subscription, the allotment and issue of the Subscription Shares to the Subscribers and the transactions contemplated thereby,

\* *For identification purpose only*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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and to make and agree such variations to the terms of the Subscription Agreement of a non-material nature as the board of directors of the Company or any director of the Company may, in their or the relevant director's sole discretion (as the case may be), consider to be desirable and in the interest of the Company.”

By Order of the board of  
**Infoserve Technology Corp.**  
**TSAI Jenp Luh**  
*Chairman*

Hong Kong, 4th October, 2002

*Principal Office in Hong Kong:*

Suites 2401-4

24th Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai

Hong Kong