

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.

INFOSERVE®
Infoserve Technology Corp.

(Stock code: 8077)

(incorporated in the Cayman Islands with limited liability)

TENWAY LIMITED

(incorporated in the British Virgin Islands with limited liability)

DESPATCH OF CIRCULAR

MAJOR TRANSACTIONS INCLUDING THE SUBSCRIPTION (INVOLVING THE WHITEWASH WAIVER) AND THE DISPOSAL OF BUSINESS INTERESTS

LOAN CAPITALISATION, SECOND SUBSCRIPTION, AND INCREASE IN AUTHORISED SHARE CAPITAL

- The Company and the Subscriber announce that the circular containing details in relation to, among other things, (i) the Subscription Agreement; (ii) the Second Subscription Agreement; (iii) the Loan Capitalisation Agreement; (iv) the Disposals; (v) the Whitewash Waiver; (vi) the letter of advice of the independent financial adviser; (vii) recommendation of the independent committee of the Board and (viii) a notice of the EGM to be held on 7th June, 2004 is expected to be despatched to the Shareholders on 21st May, 2004.
- The statement of pro forma unaudited adjusted consolidated net tangible asset value of the Remaining Group is set out below.

DESPATCH OF CIRCULAR

Reference is made to the joint announcements of the Company and the Subscriber dated 1st April, 2004 and 13th May, 2004 (the “Announcements”) in relation to, among other things, the Subscription, the application for the Whitewash Waiver, the Disposals, the Loan Capitalisation and the Second Subscription. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless defined otherwise.

The Company and the Subscriber announce that the circular containing details in relation to, among other things, (i) the Subscription Agreement; (ii) the Second Subscription Agreement; (iii) the Loan Capitalisation Agreement; (iv) the Disposals; (v) the Whitewash Waiver; (vi) the letter of advice of the independent financial adviser; (vii) recommendation of the independent committee of the Board and (viii) a notice of the EGM to be held on 7th June, 2004 is expected to be despatched to the Shareholders on 21st May, 2004.

STATEMENT OF PRO FORMA UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSET VALUE OF THE REMAINING GROUP

The circular also contains a pro forma statement of the unaudited adjusted consolidated net tangible asset value of the Remaining Group, prepared on the basis of the audited consolidated net liabilities of the Remaining Group as at 31st December, 2003 and adjusted as follows:

	US\$'000
Audited consolidated net liabilities of the Group as at 31st December, 2003	(2,616)
Unaudited net loss attributable to Shareholders for the three months ended 31st March, 2004	(239)
Proceeds from the Subscription	2,436
Proceeds from the Second Subscription	180
Reduction of indebtedness pursuant to the Loan Capitalisation <i>(Note 1)</i>	<u>347</u>
Pro forma unaudited adjusted consolidated net tangible assets of the Remaining Group after completion of the Restructuring Proposal	<u><u>108</u></u>

Note 1: Pursuant to the Loan Capitalisation Agreement, HK\$2.6 million of the principal amount of the Loan, together with the interest accrued thereon, will be settled in full by way of issue and allotment of the Capitalisation Shares. For illustration purposes, based on the interest accrued on the principal amount of the Loan up to and including 14th May, 2004 of approximately HK\$108,000, a total of HK\$2,708,000 of the indebtedness under the Loan will be settled in full by the issue of the Capitalisation Shares.

As at the date of this announcement, the Board comprises Mr. Yu Shu Kuen and Mr. Chang Hsiao Hui, Michael as executive Directors, Mr. Tsai Tun Chi as non-executive Director and Mr. Ip Man Tin, David and Mr. Leung Hong Tai as independent non-executive Directors.

By order of the board
Infoserve Technology Corp.
Yu Shu Kuen
Chairman

By order of the board
Tenway Limited
Gui Song
Director

Hong Kong, 20th May, 2004

The Directors (save for Mr. Chang Hsiao Hui, Michael who cannot be contacted at his last known correspondence addresses) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Subscriber) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than information relating to the Subscriber) have been arrived at after due and careful consideration and there are no other facts (other than information relating to the Subscriber) not contained in this announcement the omission of which would make any statement in this announcement (other than information relating to the Subscriber) misleading.

The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Group) not contained in this announcement the omission of which would make any statement (other than that relating to the Group) in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM Website at www.hkgem.com for at least seven days from its date of publication.