INFOSERVE®

Infoserve Technology Corp.

(Incorporated in the Cayman Islands with Limited Liability)

Third Quarterly Report 2002

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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 future 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.

The Stock Exchange takes no responsibility for the contents of this report, 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 report.

This report, for which the directors (the "Directors") of Infoserve Technology Corp. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 believes: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Successful listing on the GEM on 8 January 2002.
- The Group achieved positive EBITDA since beginning of and throughout the third quarter of 2002, its first time since the incorporation of the Company in 2000.
- Turnover for the three months ended 30 September 2002 amounted to US$6,916,000, represented an increase of 9.3% over the corresponding period of US$6,328,000 in 2001.
- Turnover for the nine months ended 30 September 2002 amounted to US$18,457,000, represented a decrease of 9.0% over the corresponding period of US$20,272,000 in 2001.
- Net loss for the three months ended 30 September 2002 narrowed by 91.7% to US$510,000 from US$6,163,000 of the corresponding period in 2001.
- Net loss for the nine months ended 30 September 2002 narrowed by 76.2% to US$4,547,000 from US$19,102,000 of the corresponding period in 2001.
- Basic loss per share for the three months ended 30 September 2002 was 0.10 US cents, represented a decrease of 92.4% over the corresponding period of 1.31 US cents in 2001.
- Basic loss per share for the nine months ended 30 September 2002 was 0.85 US cents, represented a decrease of 79.0% over the corresponding period of 4.05 US cents in 2001.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2002.

UNAUDITED CONSOLIDATED RESULTS

The board (the "Board") of directors (the "Directors") of Infoserve Technology Corp. (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the nine months ended 30 September 2002 together with the unaudited comparative figures for the corresponding period in 2001 are as follows:

		Three months ended		Nine months ended	
	Notes	**30.9.2002**	30.9.2001	**30.9.2002**	30.9.2001
		US$'000	*US$'000*	***US$'000***	*US$'000*
		(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Turnover	*3*	**6,916**	6,328	**18,457**	20,272
Network operation and telecommunication costs		**(3,051)**	(5,862)	**(9,305)**	(17,510)
Gross profit		**3,865**	466	**9,152**	2,762
Other revenue		**29**	67	**44**	500
Advertising and promotion expenses		**(63)**	(221)	**(130)**	(535)
Staff costs		**(1,525)**	(3,060)	**(5,173)**	(10,180)
Operating lease rentals in respect of machinery and equipment		**(927)**	(846)	**(2,818)**	(2,745)
Occupancy expenses		**(653)**	(1,118)	**(2,033)**	(3,260)
Depreciation and amortisation of property, plant and equipment		**(598)**	(758)	**(1,846)**	(2,232)
Other operating expenses		**(492)**	(522)	**(1,295)**	(2,897)
Loss from operations		**(364)**	(5,992)	**(4,099)**	(18,587)
Finance costs		**(146)**	(171)	**(448)**	(502)
Loss before taxation		**(510)**	(6,163)	**(4,547)**	(19,089)
Taxation	*4*	**–**	–	**–**	(13)
Net loss for the period		**(510)**	(6,163)	**(4,547)**	(19,102)
Loss per share – Basic	*5*	**(0.10) cents**	(1.31) cents	**(0.85) cents**	(4.05) cents

Notes:

1. Basis of Presentation

The Company was incorporated in the Cayman Islands as an exempted limited liability company with its shares listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM").

The quarterly financial report have been prepared in accordance with the applicable disclosure requirements of Chapter 18 to the GEM Listing Rules.

In preparing the quarterly financial report, the Directors have given careful consideration to the future liquidity of the Group. The Group's credit facilities are guaranteed by the Directors, Messrs. Tsai Jenp Luh and Chang Hsiao Hui, who have agreed to provide the Group with sufficient funding to enable it to meet in full its financial obligations for the next twelve months. Accordingly, the quarterly financial report has been prepared on a going concern basis.

2. Accounting Policies

The quarterly financial report has been prepared under the historical cost convention and the accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December, 2001.

3. Turnover

	Three months ended		**Nine months ended**	
	30.9.2002	30.9.2001	**30.9.2002**	30.9.2001
	US$'000	*US$'000*	***US$'000***	*US$'000*
Turnover				
– communication services	**2,387**	2,663	**7,423**	8,939
– Internet access and related services	**2,876**	3,187	**7,298**	10,583
– virtual private network ("VPN") and solution services	**1,653**	478	**3,736**	750
	6,916	6,328	**18,457**	20,272

4. Taxation

No provision for taxation has been made in the quarterly financial report as the Group had no assessable profit for the period.

The charge in 2001 represented underprovision of Taiwan corporate income tax in prior years.

5. Loss Per Share

The calculation of the basic loss per share is based on the following data:

	Three months ended		Nine months ended	
	30.9.2002	30.9.2001	**30.9.2002**	30.9.2001
Net loss for the period	**US$(510,000)**	US$(6,163,000)	**US$(4,547,000)**	US$(19,102,000)
Weighted average number of ordinary shares for the purpose of basic loss per share	**536,373,641**	472,103,456	**535,621,614**	472,103,456

No diluted loss per share has been presented as the effect of the potential shares outstanding during the period was anti-dilutive. There were no potential dilutive shares in 2001.

6. Condensed Consolidated Statement of Changes in Equity

	Share capital	**Share premium**	**Translation reserve**	**Deficit**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January, 2001	590	48,319	(292)	(19,034)	29,583
Issue of shares	605	(15)	–	–	590
Cancellation of shares	(590)	–	–	–	(590)
Exchange differences arising on translation of financial statements of overseas operations	–	–	(255)	–	(255)
Net loss for the period	–	–	–	(19,102)	(19,102)
At 30 September, 2001	605	48,304	(547)	(38,136)	10,226

	Share capital	Share premium	Translation reserve	Deficit	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January, 2002	605	48,304	(277)	(46,560)	2,072
Issue of shares	83	6,445	–	–	6,528
Expenses incurred in connection with the issue of shares	–	(2,322)	–	–	(2,322)
Exchange differences arising on translation of financial statements of overseas operations	–	–	(347)	–	(347)
Net loss for the period	–	–	–	(4,547)	(4,547)
At 30 September, 2002	688	52,427	(624)	(51,107)	1,384

7. Post Balance Sheet Event

Pursuant to a conditional subscription agreement dated 16 September 2002, the subscribers, which comprise a director, 5 management shareholders and 17 employees of the Group, have agreed to subscribe for an aggregate of 39,000,000 new shares of HK$0.01 each at a price of HK$0.20 per share. The subscription was completed on 25 October 2002. Details of the subscription are set out in the Company's circular dated 4 October 2002.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2002 (2001: Nil).

FINANCIAL REVIEW

Comparing overall financial performance for the nine months ended 30 September 2002 to the same period last year, turnover of the Group amounted to US$18,457,000, decreased by 9.0% from US$20,272,000. Gross profit increased by 231.4% from US$2,762,000 to US$9,152,000. Net loss narrowed by 76.2% from US$19,102,000 to US$4,547,000. The significant improvement in profitability was mainly attributable to (1) the change of sales mix to a higher proportion of revenue being contributed from the business segment of VPN and solution services and (2) continual strict cost control in network costs and operating expenses since 2001. In addition, the Group has since its incorporation in 2000 recorded its first positive EBITDA (earnings before interest, taxation, depreciation and amortization) on a quarterly basis of approximately US$233,000, an improvement of US$506,000 over the EBITDA loss of US$273,000 in the second quarter of 2002, represents a significant milestone for the Group.

1. Turnover

For the three months ended 30 September 2002, the Group's unaudited consolidated turnover amounted to US$6,916,000, which represented an increase of 14.4% over the previous quarter of US$6,044,000 and an increase of 9.3% over the corresponding period of US$6,328,000 in 2001.

Revenue from communication services experienced a decrease of 6.3% to US$2,387,000 from the previous quarter of US$2,547,000 and a decrease of 10.4% comparing to US$2,663,000 during the corresponding period in 2001. The decline in revenue was mainly due to aggressive pricing competition in Taiwan communication markets. Revenue from Internet access and related services rose 24.9% to US$2,876,000 from US$2,302,000 of the previous quarter, but dropped by 9.8% comparing to US$3,187,000 during the same period in 2001. The changes were driven by the growth in revenues from T1/T3 high-speed leased line services and ADSL/DSL services but offset by the continual drop of revenue from 56K modem dial-up services. For VPN and solution services, the Group continued to achieve a steady growth in this quarter. VPN revenue increased by 38.3% to US$1,653,000 from US$1,195,000 compared to the previous quarter and increased by 245.8% from US$ 478,000 during the corresponding period in 2001. Continuous growth in VPN revenue was consistent with the Group's commitment to strengthen its VPN and solution services as stated in the prospectus of the Company dated 28 December 2001.

2. Network operation and telecommunication costs

For the three months ended 30 September 2002, total network operation and telecommunication costs amounted to US$3,051,000, which represented an increase of 11.7% over the previous quarter of US$2,731,000 and an decrease of 48.0% over the corresponding period of US$5,862,000 in 2001. Cost increase was in line with increase in turnover when compared with the previous quarter. When compared with the corresponding period of last year, cost reduction was mainly attributable to the significant savings in access cost and bandwidth cost. Save as explained in interim report of 2002, the reduction of access cost was mainly attributable to the termination of low usage fixed access circuits and reduction in suppliers' purchase price of Internet access services, while the significant savings in bandwidth cost was due to the replacement of most international bandwidth previously on short-term lease basis by international bandwidth leased on long-term (15 years) and indefeasible right to use basis since late 2001.

3. Staff costs

For the three months and nine months ended 30 September 2002, total staff costs amounted to US$1,525,000 and US$5,173,000 respectively. Save as disclosed in the Company's 2001 annual report, the Group has changed its sales and marketing strategy to focus on reselling and channel sales arrangements for communication and Internet access services since early 2001. Direct sales staff were either laid off or transferred to promote the VPN business. Total staff number of the Group reduced from approximately 390 as at 31 December 2001 to approximately 260 as at 30 September 2002. As such, total staff costs for the three months ended and nine months ended 30 September 2002 reduced by US$1,535,000 or 50.2% and US$5,007,000 or 49.2% respectively compared to the corresponding periods in 2001.

4. Occupancy expenses

For the three months and nine months ended 30 September 2002, total occupancy expenses amounted to US$653,000 and US$2,033,000, respectively, representing a decrease by 41.6% and 37.6% compared to each of the respective periods in 2001. The reduction in occupancy expenses was due to termination of certain under-utilized offices in various locations and closure of certain Taiwan remote (offsite) sales offices since late 2001, save as disclosed in the Company's 2002 interim report.

BUSINESS REVIEW

The Group continues to generate revenue from the provision of communication services (mainly voice and fax services), Internet access and related services (e.g. dedicated lease line, broadband, dial-up Internet access, co-location, web-hosting, etc.) and VPN and solution services. During the three months ended 30 September 2002, the Group continued to focus on its growing VPN business (particularly in the Greater China region). Revenues from both the traditional business segments of communication services and Internet access and related services were maintained despite the fierce price competition in the communication and Internet market.

The Group's strategy to focus on the development of VPN and solution services (including managed and application services) is based on the belief that this business segment can provide the Group with higher revenue growth and higher profitability compared to the traditional business segments of communication services and Internet access services. Comparing overall sales performance in the third quarter to the previous two quarters, it is not difficult to find that the higher the proportion of revenue contribution from VPN and solution services in the overall sales mix, the higher was the overall gross profit margin. As one of the earliest innovators in MPLS-VPN technology in the Greater China region, the Group has established a sound service infrastructure with full coverage of end-to-end service capability in the region, providing customers truly one-stop shopping with total solutions provisioning. The Group's commitment in service quality and technology advance, combined with solid execution of business plan, is paying off, bringing VPN customer base to approximately 260 in terms of customer number and approximately 1,260 in terms of connections in less than two years.

In light of the rapid development in Eastern China, particularly the Shanghai region, the Group has laid a strong presence in the region to capture business opportunities for Taiwan-based corporations as well as emerging local SMEs (small to medium sized enterprises). The Group is also leveraging its close business partnership with China Telecom, China Unicom and China Netcom (which are emerging from the PRC telecom restructuring with strengthened data services capability) to speed up the pace of the Group's VPN implementation in the PRC market.

BUSINESS PROSPECT

Given the fact that Taiwan-based companies, particularly those from electronic and manufacturing industries, are keen to penetrate the huge PRC market, the massive westward exodus of Taiwan-based companies has contributed to over 50% outflow of Taiwan's total foreign investment. Meanwhile, China economy is still on a strong growing track. The Group sees IP VPN market in the Greater China region (China/Hong Kong/Taiwan) as the big growth areas within Asia-Pacific. According to a research report "Asia/Pacific IP VPN Services Market Forecast and Analysis 2001~2006" conducted by IDC, the IP VPN market in China/Hong Kong/Taiwan are expected to grow from US$5 million/US$56 million/US$12 million in 2001 to US$297 million/US$219 million/US$167 million in 2006, representing a CAGR (compound annual growth rate) of 125%, 31% and 70% respectively in terms of revenue over the forecast period. In terms of connections, the IP VPN market in China/Hong Kong/Taiwan are expected to rise from 951 connections/7,547 connections/2,326 connections in 2001 to 68,214 connections/100,767 connections/33,998 connections in 2006, representing a CAGR of 135%, 68% and 71% respectively over the forecast period.

Following China's entry into the WTO and increasing popularity of the VPN in Greater China region, the Group remains committed in investing in new services and technologies and setting the stage for the Group to emerge even stronger in line with the growing trend.

The Group will continue to seek improvement in the area of service provisioning, client management and satisfaction in order to expand its market share in the VPN business segment. Although an overall industry recovery has been slow to materialize, the Group still expects a modest seasonal increase in VPN demand in the forth quarter of 2002. The Group's strategy remains the same to focus on execution, take prudent cost cutting measures, and invest to further improve our profitability, competitive position and long-term growth prospects.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30 September 2002, the interest of the Directors and their associates in the ordinary shares of the Company and its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register required to be kept by the Company under section 29 of the SDI Ordinance or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies are as follows:

Name of director	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total
Mr. Tsai Jenp Luh	99,305,288	218,400 *(Note 1)*	–	–	99,523,688
Mr. Chang Hsiao Hui	99,628,984	3,511,768 *(Note 2)*	–	–	103,140,752
Mr. Liu Yuan Chang	1,134,528	–	–	–	1,134,528

Notes:

1. These shares are held by Ms. Tu Wen Yueh, the spouse of Mr. Tsai Jenp Luh, an executive director of the Company.

2. These shares are held by Ms. Lin Huei Lin, the spouse of Mr. Chang Hsiao Hui, an executive director of the Company.

Save as disclosed above, as at 30 September 2002, none of the Directors or their associates had any personal, family, corporate or other interests in the issued share capital of the Company or any of its associated corporations (within the meaning of the SDI Ordinance).

SHARE OPTION SCHEMES

As at 30 September 2002, the Company had two share option schemes, namely the Pre-IPO Share Option Scheme and the Share Option Scheme (both terms as defined in the prospectus of the Company dated 28 December 2001 (the "Prospectus")).

The summary on the particulars of each of the Pre-IPO Share Option Scheme and the Share Option Scheme is set out in Appendix V of the Prospectus under the section headed "SHARE OPTIONS".

(1) Pre-IPO Share Option Scheme

Details of the options granted by the Company to the Directors under the Pre-IPO Share Option Scheme are as follows:

Name of director	Date of grant	Vesting period of share options	Exercise period of share options	Exercise price per share	Balance as at 1 January 2002	Granted during the period	Exercised during the period	Lapsed during the period	Balance as at 30 September 2002
				HK$					
Mr. Tsai Jenp Luh	27 December 2001	8 July 2002 to 1 January 2004	8 July 2002 to 20 December 2011	0.70	1,144,000	-	-	-	1,144,000
Mr. Chang Hsiao Hui	27 December 2001	8 July 2002 to 1 January 2004	8 July 2002 to 20 December 2011	0.70	1,609,000 *(Note)*	-	-	-	1,609,000
Mr. Liu Yuan Chang	27 December 2001	8 July 2002 to 1 January 2004	8 July 2002 to 20 December 2011	0.70	520,000	-	-	-	520,000

Note:

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. Mr. Chang is deemed to be interested in his spouse's share options under the SDI Ordinance.

(2) Share Option Scheme

Details of the options granted by the Company to the Directors under the Share Option Scheme are as follows:

Name of director	Date of grant	Vesting period of share options	Exercise period of share options	Exercise price per share HK$	Balance as at 1 January 2002	Granted during the period	Exercised during the period	Lapsed during the period	Balance as at 30 September 2002
Mr. Tsai Jenp Luh	21 February 2002	1 January 2003 to 1 January 2005	1 January 2003 to 31 December 2005	1.212	-	1,500,000	-	-	1,500,000
Mr. Chang Hsiao Hui	21 February 2002	1 January 2003 to 1 January 2005	1 January 2003 to 31 December 2005	1.212	-	1,580,000 *(Note)*	-	-	1,580,000
Mr. Liu Yuan Chang	21 February 2002	1 January 2003 to 1 January 2005	1 January 2003 to 31 December 2005	1.212	-	1,400,000	-	-	1,400,000

Note:

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. Mr. Chang is deemed to be interested in his spouse's share options under the SDI Ordinance.

For the three months ended 30 September 2002, 79,000 new shares were issued pursuant to exercise of options under the Pre-IPO Share Option Scheme.

DIRECTORS' RIGHTS TO PURCHASE SHARE OR DEBENTURES

Except for the share option schemes, neither the Company nor its subsidiaries was a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the Directors of the Company or their spouses or children under age of 18 had any right to subscribe for the securities of the Company or had exercised any such right.

SUBSTANTIAL SHAREHOLDER

As at 30 September 2002, holders of over 10% of the Company's shares are as follows:

Name	**Number of shares**	**Approximate percentage of shareholding**
KA Land Pte Ltd. *(Note 1)*	143,802,864	26.81%
Mr. Tsai Jenp Luh *(Note 2)*	99,523,688	18.55%
Mr. Chang Hsiao Hui *(Note 3)*	103,140,752	19.23%

Notes:

1. KA Land Pte Ltd. is a wholly-owned subsidiary of Singapore Telecommunications Limited.

2. 99,305,288 shares are held by Mr. Tsai Jenp Luh personally and 218,400 shares are held by his spouse, Ms. Tu Wen Yueh. Mr. Tsai Jenp Luh is deemed to be interested in his spouse's shares under SDI Ordinance.

3. 99,628,984 shares are held by Mr. Chang Hsiao Hui personally and 3,511,768 shares are held by his spouse, Ms. Lin Huei Lin. Mr. Chang Hsiao Hui is deemed to be interested in his spouse's shares under SDI Ordinance.

Save as disclosed above, the Company is not aware of any other interests required to be disclosed by the Company pursuant to section 16(1) of the SDI Ordinance as at 30 September 2002.

SPONSOR'S INTERESTS

Somerley Limited ("Somerley") has been appointed as sponsor of the Company in replacement of Anglo Chinese Corporate Finance, Limited for the period from 16 June 2002 to 31 December 2004, for which Somerley will receive a fee. In addition, Somerley would receive financial advisory fee for acting as the Company's financial adviser in relation to certain transactions. As updated and notified by Somerley, neither Somerley nor any of its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the Company's share capital as at 12 November 2002.

Save as disclosed above, Somerley had no other interest in the Company as at 12 November 2002.

COMPETING INTERESTS

Singapore Telecommunications Limited is an initial management shareholder of the Company and through its wholly owned subsidiary, KA Land Pte Ltd., interested in approximately 26.81% of the issued share capital of the Company. The table below sets out the subsidiaries of Singapore Telecommunications Limited, which are engaged in businesses, which compete or are likely to compete with the business of the Group.

Name of subsidiary	Shareholding interest	Nature of business	Place of operation
GB21 (Hong Kong) Limited	100%	Provision of telecommunication services and products	Hong Kong
INS Holdings Pte Ltd.	100%	Running, operating, managing and dealing in telecommunication system and services	Singapore
Singapore Telecom Hong Kong Limited	100%	Running, operating, managing and dealing in telecommunication system and services	Hong Kong
Singapore Telecom Japan Co Ltd	100%	Running, operating, managing and dealing in telecommunication system and services	Japan
Singapore Telecom Taiwan Limited	100%	Provision of customer services for telecommunication related activities	Taiwan
Singapore Telecom USA, Inc.	100%	Provision of administrative, technical and advisory services in the USA	The United States
SingTel Japan Co., Ltd.	100%	Engaged in telecommunication services business and all other related business	Japan
SingNet Pte Ltd.	100%	Carry out the business of an Internet access service provider	Singapore

The following table sets out the interests of Directors in a business, which competes or is likely to compete, with the business of the Group.

Name of director	Nature of director's interest	Name of entity	Nature of business of entity
Mr. Buay Kee Chuan	Directorship	Failsafe Corporation (Singapore) Pte Ltd.	Provision of full suite of services for disaster recovery and business continuity in Singapore
Mr. Tay Chek Khoon	Directorship	Lanka Communication Services (Private) Limited	Data telecommunication service provider of Internet services, international leased circuits, switched services, frame relay, international fax message, VSAT and facility management
Mr. Tay Chek Khoon	Directorship	APT Satellite Telecommunications Limited	Provision of telecommunication network services including wholesale telecom services, VSAT services and Internet Pop Gateway and facility management for telecommunication equipment

Save as disclosed above, none of the Directors, management shareholders of the Company (as defined in the GEM Listing Rules) and their respective associates (as defined in the GEM Listing Rules) are interested in any business that competes with or is likely to compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 21 December 2001 with terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The audit committee comprises Mr. Buay Kee Chuan, a non-executive Director, and Mr. Leung Man Kit and Mr. Chou Wen Pin, both are independent non-executive Directors. Mr. Buay Kee Chuan has been appointed to the audit committee with effect from 28 March 2002. Mr. Leung Man Kit has been appointed as an independent non-executive director and an audit committee member in replacement of Mr. Chan Kok Chung with effect from 12 July 2002. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee has reviewed with the management and the auditors of the Company this unaudited third quarterly report for the nine months ended 30 September 2002 and is of the opinion that the financial statements contained in such report comply with the applicable accounting standards and legal requirements, and that adequate disclosures has been made.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the nine months ended 30 September 2002.

By order of the Board
Infoserve Technology Corp.
Tsai Jenp Luh
Chairman

Hong Kong, 12 November 2002