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 (save for Mr. Chang Hsiao Hui, Michael ("Mr. Chang") who cannot be contacted at his last known correspondence address) (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 belief: (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.

INFOSERVE®

INFOSERVE TECHNOLOGY CORP.

英普達資訊科技公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8077)

HALF-YEARLY REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2004

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 reports 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.

** for identification purpose only*

HIGHLIGHTS

- **Turnover for the six months ended 30 June 2004 of US$1,471,000 represents an approximately 88% decrease over the corresponding period in 2003.**

- **Net loss attributable to shareholders for the six months ended 30 June 2004 of US$542,000 represents an approximately 83% decrease over the corresponding period in 2003.**

- **Basic loss per share for the six months ended 30 June 2004 was US$0.09 cents, represents an approximately 84% decrease over the corresponding period in 2003.**

- **The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004.**

The board of Directors of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2004 (the "Period") together with the unaudited comparative figures for the corresponding period in 2003 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2004

		Three months ended		Six months ended	
	Notes	**30.6.2004 US$'000 (Unaudited)**	30.6.2003 US$'000 (Unaudited)	**30.6.2004 US$'000 (Unaudited)**	30.6.2003 US$'000 (Unaudited)
Turnover	3	**784**	5,966	**1,471**	11,736
Other operating income		**10**	108	**11**	187
Network operation and telecommunication costs		**(374)**	(3,617)	**(786)**	(7,096)
Staff costs		**(63)**	(1,355)	**(148)**	(2,896)
Depreciation and amortisation of property, plant and equipment		**(7)**	(505)	**(13)**	(1,057)
Operating lease rentals in respect of machinery and equipment		**–**	(522)	**–**	(1,154)
Occupancy expenses		**(5)**	(268)	**(7)**	(593)
Provision for early termination of tenancies		**–**	–	**–**	(68)
Other operating expenses		**(570)**	(1,054)	**(936)**	(1,916)
Loss from operations		**(225)**	(1,247)	**(408)**	(2,857)
Finance costs		**(78)**	(236)	**(134)**	(410)
Loss before taxation		**(303)**	(1,483)	**(542)**	(3,267)
Taxation		**–**	–	**–**	–
Net loss attributable to shareholders		**(303)**	(1,483)	**(542)**	(3,267)
Loss per share – Basic	5	**(0.05) cents**	(0.26) cents	**(0.09) cents**	(0.57) cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2004

	Notes	30.6.2004 US$'000 (Unaudited)	31.12.2003 US$'000 (audited)
Non-current assets			
Property, plant and equipment	6	**16**	29
Current assets			
Trade and other receivables	7	**561**	488
Bank balances and cash		**35**	45
		596	533
Current liabilities			
Trade and other payables	8	**1,360**	1,205
Obligations under finance leases due within one year		**1**	1
Convertible notes to a substantial shareholder		**1,073**	1,058
Amounts due to related companies		**–**	241
Amounts due to directors		**171**	25
Other short-term loans		**1,163**	646
		3,768	3,176
Net current liabilities		**(3,172)**	(2,643)
Total assets less current liabilities		**(3,156)**	(2,614)
Non-current liabilities			
Obligations under finance leases due after one year		**2**	2
Net liabilities		**(3,158)**	(2,616)
Capital and reserves			
Share capital		**738**	738
Reserves		**(3,896)**	(3,354)
Deficiency of shareholders' funds		**(3,158)**	(2,616)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Deficit US$'000	Total US$'000
At 1 January 2003	738	53,367	(496)	(55,191)	(1,582)
Exchange differences arising from translation of financial statements of overseas operations	–	–	206	–	206
Realised on de-consolidation of former subsidiaries	–	–	219	–	219
Net loss attributable to shareholders	–	–	–	(1,459)	(1,459)
At 31 December 2003	738	53,367	(71)	(56,650)	(2,616)
Net loss attributable to shareholders	–	–	–	(542)	(542)
At 30 June 2004	738	53,367	(71)	(57,192)	(3,158)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2004

	1.1.2004 to 30.6.2004 US$'000 (Unaudited)	1.1.2003 to 30.6.2003 US$'000 (Unaudited)
Net cash inflow (outflow) from operating activities	**(554)**	123
Net cash outflow from investing activities	**–**	(567)
Net cash inflow from financing activities	**544**	509
Increase (decrease) in cash and cash equivalents	**(10)**	65
Cash and cash equivalents at 1 January	**45**	(426)
Effect of foreign exchange rate changes	**–**	171
Cash and cash equivalents at 30 June	**35**	(190)
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**35**	179
Bank overdrafts	**–**	(369)
	35	(190)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

1. BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on GEM of the Stock Exchange.

The condensed financial statements have been prepared in accordance with International Accounting Standard No. 34 "Interim financial reporting" and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

(A) In preparing the interim financial information, the Directors have given careful consideration to the future liquidity of the Group. Against this background, the Group has taken steps to implement a corporate restructuring as follows:

(1) Disposal of Infoserve Technology Corporation ("Infoserve Taiwan"), Infoserve Technology Beijing Limited ("Infoserve PRC") and Infoserve Telecom Corp. ("Infoserve US")

On 18 March 2004, the Company and an independent purchaser entered into three sets of separate agreements (the "Disposal Agreements") pursuant to which the Company agreed to sell and the independent purchaser agreed to acquire from the Company its entire equity interest in each of Infoserve Taiwan, Infoserve PRC and Infoserve US ("Disposed Subsidiaries") at a consideration of HK$1.00, HK$1.00 and US$1.00 respectively. Pursuant to the terms of the Disposal Agreements, the inter-company balances between (i) the Disposed Subsidiaries, and (ii) the Remaining Group namely the Company, Infoserve Technology Pte Ltd. ("Infoserve Singapore") and Infoserve Technology K.K. ("Infoserve Japan") and Infoserve Technology Hong Kong Ltd. ("Infoserve HK") would be waived, save that any payables due to Infoserve HK will not be waived as Infoserve HK is in liquidation and the Company is no longer able to procure such a waiver. The disposal of the Group's operations in Taiwan, the PRC and US would enable the Group to extinguish the significant outstanding liabilities of Infoserve Taiwan, Infoserve PRC and Infoserve US.

(2) The First Subscription

On 18 March 2004, the Company and an independent investor (the "First Subscriber") entered into an agreement pursuant to which the Company agreed to allot and issue and the First subscriber agreed to subscribe in cash for a total of 2,000 million new shares in the Company at a subscription price of HK$0.01 per share (the "First Subscription"). The total net proceeds from the First Subscription is estimated to be approximately US$2.4 million and the Directors intend to apply the net proceeds to repay indebtedness and as general working capital of the Remaining Group.

(3) **The Second Subscription**

On 12 May 2004, the Company and another independent investor (the "Second Subscriber") entered into an agreement pursuant to which the Company agreed to allot and issue and the Second Subscriber agreed to subscribe in cash for a total of 140,000,000 new shares in the company at a subscription price of HK$0.01 per share (the "Second Subscription"). The Company will apply the entire proceeds of HK$1.4 million to repay the indebtedness of the Remaining Group.

(4) **Debt Restructuring with the creditor**

On 15 April 2004, the Company and a creditor, namely China Unicom International Ltd ("China Unicom"), reached a settlement agreement (the "Settlement Agreement") in respect of litigation relating to amounts allegedly owed by Infoserve HK to China Unicom for international roaming and Internet and/or other computer networking services. It was agreed under the Settlement Agreement that the Company shall repay HK$2.7 million (the "Settlement Amount") as full and final settlement for the judgment debt of approximately HK$3.23 million owed to China Unicom. Upon application by the Company and China Unicom, a consent order was issued by the Court on 16 April 2004 pursuant to which the Company shall repay the Settlement Amount by two instalments, of which the first instalment of HK$300,000 has been paid by the Company to China Unicom on 16 April 2004. The second instalment of the Settlement Amount was paid on or before 18 June 2004. However, the payment was in default due to the delay of completion of the First Subscription. The Company is liaising with China Unicom for a reschedule of payment.

(5) **The Loan Capitalisation**

In February 2004, another creditor, namely Success Harmony Limited ("Success Harmony"), advanced to the Company a HK$4 million three-month short term loan (the "Loan"). On 12 May 2004, Success Harmony and the Company entered into an agreement, (the "Loan Capitalisation Agreement") whereby the Company agreed to allot and issue shares in the Company to Success Harmony, credited as fully paid by way of capitalisation of HK$2.6 million of the principal amount of the Loan and the interests accrued and to be accrued on the entire principal amount of the Loan of HK$4 million up to and including the date of completion of the Loan Capitalisation Agreement, and Success Harmony agreed to subscribe the shares in the Company subject to the terms and conditions of the Loan Capitalisation Agreement.

(6) Subordinate Loan

During April to July 2004, Mr. Yu Shu Kuen, chairman of the Company, provided subordinated interest bearing loan facilities of not exceeding HK$1,900,000 and repayable in 2 years to finance the daily operation of the Company. The loan is only repayable when and if the Company is still solvent immediately after the payment.

(7) Loan from SHK Finance Limited

On 13 October 2003, the Company entered into a loan agreement (as amended by a first supplemental loan agreement dated 14 January 2004 and a second supplemental loan agreement dated 14 April 2004) (collectively the "Loan Agreement") with SHK Finance Limited ("SHK Finance") whereby the Company borrowed a principal amount of HK$5,000,000 (the "Outstanding Principal") from SHK Finance. The Outstanding Principal with interest payment in the sum of HK$100,000 was payable to SHK Finance on 13 July 2004. The Company has received a letter dated 9 August 2004 from the solicitors of SHK Finance demanding the payment of an aggregate amount of HK$5,254,800 being the total amount of the Company's indebtedness under the Loan agreement together with all default interest accrued up to 12 August 2004, failing which SHK Finance would institute legal proceedings against the Company. The Company is liaising with SHK Finance for a possible reschedule of payment.

(B) In November 2003, having lost contact with the management and officers of Infoserve Taiwan, Infoserve Hong Kong which was put under liquidation, Infoserve PRC and Infoserve US, the Directors concluded that the Group had lost effective control over these former subsidiaries. These subsidiaries ceased operations by November 2003. The directors considered that the financial interests of the Group were best served not by expending significant time and resources to regain control of these subsidiaries, but instead by actively seeking means to divest these investments. Since the Directors do not have any available information about the results of these subsidiaries for the period from 1 October 2003 to the date when, in the opinion of the Directors, the Group lost effective control. On this basis, the results of these subsidiaries have been excluded from the unaudited consolidated results of the Group for the six months ended 30 June 2004.

2. ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention. The accounting policies adopted in preparing the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2003.

3. SEGMENT INFORMATION

Business segments

	Six months ended **30.6.2004 US$'000**	Six months ended 30.6.2003 US$'000
Turnover		
– communication services	**114**	4,451
– Internet access services	**1,275**	3,355
– virtual private network ("VPN") and solution services	**82**	3,930
	1,471	11,736
Results		
– communication services	**3**	1,349
– Internet access services	**(18)**	2,308
– VPN and solution services	**(1)**	983
	(16)	4,640
Other operating income	**11**	187
Unallocated operating expenses	**(403)**	(7,684)
Loss from operations	**(408)**	(2,857)
Finance costs	**(134)**	(410)
Net loss attributable to shareholders	**(542)**	(3,267)

Geographical segments

	Six months ended **30.6.2004 US$'000**	Six months ended 30.6.2003 US$'000
Turnover		
– Taiwan	**–**	10,759
– Singapore	**1,400**	599
– Others	**71**	378
	1,471	11,736
Results		
– Taiwan	**–**	(2,383)
– Singapore	**(19)**	66
– Others	**(523)**	(950)
	(542)	(3,267)

4. **TAXATION**

No provision for taxation has been made in the condensed financial statements as the Group had no assessable profit for the Period.

5. **LOSS PER SHARE**

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

	Three months ended		Six months ended	
	30.6.2004	30.6.2003	**30.6.2004**	30.6.2003
Net loss attributable to shareholders	**US$(303,000)**	US$(1,483,000)	**US$(542,000)**	US$(3,267,000)
Weighted average number of ordinary shares for the purpose of basic loss per shares	**575,382,456**	575,382,456	**575,382,456**	575,382,456

The computation of diluted loss per share does not assume the exercise of outstanding warrants and share options as the effect of the potential shares outstanding during the period were anti-dilutive.

6. **ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

During the Period, the Group made no addition to its property, plant and equipment (2003: US$270,000).

7. **TRADE AND OTHER RECEIVABLES**

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable from 30 to 90 days of issuance, except for certain well established customers. The following is an aged analysis of trade receivables as at the reporting date:

	30.6.2004 US$'000	31.12.2003 US$'000
Age		
0 to 30 days	**95**	198
31 to 60 days	**153**	102
61 to 90 days	**98**	45
91 to 180 days	**97**	49
181 to 365 days	**45**	23
1 to 2 years	**–**	–
	488	417

8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables as at the reporting date:

	30.6.2004 US$'000	31.12.2003 US$'000
Age		
0 to 30 days	**153**	122
31 to 60 days	**7**	37
61 to 90 days	**11**	34
91 to 180 days	**88**	11
181 to 365 days	**68**	7
	327	211

9. CONNECTED TRANSACTIONS

During the Period, the Group has the following discloseable connected transactions with Singapore Telecommunications Limited ("SingTel") and its subsidiaries (collectively referred to as the "SingTel Group"). SingTel is the ultimate holding company of a substantial shareholder (as defined in the GEM Listing Rules) of the Company, KA Land Pte Ltd.

	Three months ended		**Six months ended**	
Nature of transactions	**30.6.2004 US$'000**	30.6.2003 US$'000	**30.6.2004 US$'000**	30.6.2003 US$'000
Network operation and telecommunication costs paid	**279**	220	**550**	418

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004 (2003: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2004, the Group generated turnover and recorded net loss attributable to its shareholders of US$1,471,000 and US$542,000 respectively. Compared to the corresponding period in 2003, turnover decreased by approximately 88% from US$11,736,000 and net loss attributable to its shareholders reduced by approximately 83% from US$3,267,000.

A. Turnover

Turnover of the Group encompasses (i) communication services fees, (ii) Internet access services fees, and (iii) VPN and solution services fees.

Revenue from communication services has dropped by approximately 97% from US$4,451,000 for the first six months of 2003 to US$114,000 for the corresponding, period of 2004. Revenue from Internet access and related services experienced a decrease of 62% from US$3,355,000 in the last corresponding period to US$1,275,000. For VPN and solution services, the Group has recorded a decrease from US$3,930,000 to US$82,000. The significant decrease in turnover was due to the closure of Taiwan operations and the de-consolidation of the Disposed Subsidiaries and Infoserve Hong Kong as explained under the heading "Basis of Presentation".

B. Staff costs

During the second quarter and the half-yearly period of 2004, staff costs amounted to US$63,000 and US$148,000 respectively, representing a decrease by approximately 95% compared to each of the respective periods in 2003. Staff number of the Group reduced from 203 as at 30 June 2003 to 9 as at 30 June 2004. The reduction in the number of staff was mainly due to closure of Taiwan operations and de-consolidation of the Disposed Subsidiaries and Infoserve Hong Kong as explained under the heading "Basis of Presentation" in the section "Notes to the Condensed Financial Statements".

C. Occupancy expenses

Total occupancy expenses amounted to US$5,000 and US$7,000 during the second quarter and the half-yearly period of 2004, respectively. The reduction in occupancy expenses for both periods was mainly due to the closure of Taiwan operations and de-consolidation of the Disposed Subsidiaries and Infoserve Hong Kong as explained under the heading "Basis of Presentation" in the section "Notes to the Condensed Financial Statements".

D. Other operating expenses

Other operating expenses principally included the remuneration paid to the manager of Infoserve Singapore, legal and professional fees, license fees and other miscellaneous office expenses. The significant drop in the other operating expenses is mainly due to the closure of Taiwan operations and de-consolidation of the Disposal Subsidiaries and Infoserve Hong Kong as explained under the heading "Basis of Presentation" in the section "Notes to the Condensed Financial Statements".

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2004, the Group had other short-form loans, amount due to Directors and convertible notes of US$1,163,000, US$171,000 and US$1,073,000 respectively. The Company intends to finance the Group's future operations with the proceeds raised from the First Subscription and the Second Subscription.

CHARGES ON GROUP ASSETS

The Group pledged a floating charge over all of its assets in favour of SHK Finance pursuant to a debenture dated 13 October 2003. The floating charge was granted as security for a loan in the principal amount of approximately US$646,000 from SHK Finance. Save as disclosed above, there were no outstanding charges over the assets of the Group.

GEARING RATIO

The Group expresses its gearing ratio as a percentage of total non-current liabilities and shareholders' equity. As at 30 June 2004, because the shareholders' funds was negative, gearing ratio is not applicable (2003: N/A).

CAPITAL STRUCTURE

There were no changes in the share capital structure of the Company during the period ended 30 June 2004 (2003: Nil).

MATERIAL ACQUISITION AND DISPOSAL

No acquisition or disposal of subsidiary or affiliated company was made during the six months ended 30 June 2004.

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy for each operating entity to borrow in local currencies, where possible, to minimize currency risk. As at 30 June 2004, the Group had no outstanding hedging instruments.

EMPLOYEE INFORMATION

As at 30 June 2004, the Group employed 9 employees (2003: 203). They were remunerated in accordance with their performance and market condition. Staff cost was approximately US$148,000 for the six months ended 30 June 2004 as compared to approximately US$2,896,000 for the corresponding period of the preceding financial year.

CONTINGENT LIABILITIES

As at 30 June 2004, the Directors were not aware of any material contingent liabilities.

BUSINESS REVIEW

In light of the Group's deteriorated operational and financial condition, the Group has implemented the following corporate restructuring plan to ease the situation.

1. **Shares subscriptions**

   In order to ease the financial difficulties of the Group, the Company has entered into two subscription agreements on 18 March 2004 and 12 May 2004 with the First and Second Subscriber for the subscription in cash of 2,000,000,000 and 140,000,000 new shares in the Company at a subscription price of HK$0.01 each, respectively. It is proposed that the net proceeds from the First Subscription and the Second Subscription, estimated to be approximately US$2.4 million and US$0.18 million, respectively, will be used to repay the Group's indebtedness and for general working capital purposes. The completion of the subscription is subject to the resumption of trading of Company's shares on the Stock Exchange.

2. Disposals of loss-making business

In addition, the Board has been formulating proposals to rationalize the operations of the Group, by divesting the non-core and loss-making businesses and concentrating on the stronger and revenue-generating operations. On 18 March 2004, the Company entered into three disposals agreements with an independent purchaser, for the disposal of the Disposed Subsidiaries, at nominal consideration in each case. In addition, all inter-company balances between (i) the Disposed Subsidiaries and (ii) the Remaining Group and Infoserve Hong Kong would be waived, save that any payables due to Infoserve HK will not be waived as Infoserve HK is in liquidation and the Company is no longer able to procure such a waiver. These disposals allow the Group to divest its non-performing businesses and concentrate on growing its stronger Singapore and Japan operations. Following the disposals, the operations of the Group will be smaller but stronger. The other registrations and consent of the completion of disposals are expected to be obtained in near future.

3. Debt Restructuring with a creditor

The Company has reached the Settlement Agreement in respect of the litigation relating to amounts alleged to be owed by Infoserve HK to China Unicom for international roaming and Internet and/or other computer networking services. It was agreed under the Settlement Agreement that the Company shall repay HK$2.7 million as full and final settlement for the judgement debt of approximately HK$3.23 million owed to China Unicom by two instalments. The Company has paid the first instalment of HK$300,000 to China Unicom and the remaining HK$2.4 million will be paid when the proceeds of the First Subscription is received.

4. Loan capitalization

The Group has also entered into the Loan Capitalization Agreement with a creditor, Success Harmony, whereby the Company agreed to allot and issue the shares in the Company to Success Harmony, credited as fully paid by way of capitalization of HK$2.6 million of the principal amount of the Loan and the interests accrued and to be accrued on the entire principal amount of the Loan of HK$4 million up to and including the date of completion of the Loan Capitalisation Agreement. The completion of the subscription is subject to the resumption of trading of the Company's shares on the Stock Exchange.

5. Subordinate Loan

During April to July 2004, Mr Yu Shu Kuen, chairman of the Company, provided subordinated interest bearing loan facilities of not exceeding HK$1,900,000 and repayable in 2 years to finance the daily operation of the Company. The loan is only repayable when and if the Company is still solvent immediately after the payment.

With the completion of all of the above restructuring activities, the fiscal condition of the Group will be significantly strengthened.

BUSINESS PROSPECTS

With the completion of the First Subscription, the Second Subscription, the Loan Capitalization Agreement and the disposal of Infoserve Taiwan, Infoserve PRC and Infoserve US, the Directors believe that the fiscal condition of the Group will be significantly strengthened. The Board is of the view that the Group should focus on expanding its existing telecommunications solution offerings, in the Singapore and Japan markets.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 June 2004, the interests of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules relating to securities transactions by the Directors were as follows:

(A) Long positions in the shares of the Company

Name of director	Capacity	Number of shares	Percentage to issued shares as at 30 June 2004
Mr. Chang Hsiao Hui ("Mr. Chang")	Beneficial owner	99,628,984	17.32%
	Held by spouse *(Note 1)*	3,511,768	0.61%
Mr. Tsai Tun Chi	Beneficial owner	1,200,000	0.21%
		104,340,752	18.14%

Note:

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

(B) Long position in the shares of associated corporations

Infoserve Taiwan

Name of director	Number of Shares: Personal interest	Number of Shares: Family interest	Total number of shares held
Mr. Chang	10	20 *(Note 1)*	30

Notes:

1. These shares are held by the parents of Mr. Chang.

2. Infoserve Taiwan has 92,000,000 shares in issue as at 30 June 2004.

(C) Long positions in the underlying shares – share options

As at 30 June 2004, 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	Exercise period of share options	Exercise price per share HK$	Capacity	Balance as at 1 January 2004	Lapsed during the period	Balance as at 30 June 2004	Percentage to issued shares as at 30 June 2004
Mr. Chang	27 December 2001	8 July 2002 to 20 December 2011	0.70	Beneficial owner	1,136,000	–	1,136,000	0.20%
	27 December 2001	8 July 2002 to 20 December 2011	0.70	Held by spouse *(Note)*	473,000	473,000	–	–
					1,609,000	473,000	1,136,000	0.20%

Note: Ms. Lin Huei Lin, the spouse of Mr. Chang, was granted 473,000 options under Pre-IPO Share Option Scheme.

(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	Exercise period of share options	Exercise price per share HK$	Capacity	Balance as at 1 January 2004	Lapsed during the period	Balance as at 30 June 2004	Percentage to issued shares as at 30 June 2004
Mr. Chang	21 February 2002	1 January 2003 to 31 December 2005	1.212	Beneficial owner	1,500,000	–	1,500,000	0.26%
	21 February 2002	1 January 2003 to 31 December 2005	1.212	Held by spouse *(Note)*	80,000	80,000	–	–
					1,580,000	80,000	1,500,000	0.26%

Note: Ms. Lin Huei Lin, the spouse of Mr. Chang, was granted 80,000 options under Share Option Scheme.

Save as disclosed above, as at 30 June 2004, none of the Directors (other than Mr. Chang who has not been contactable and in respect of whom such information had not been verified) had any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provision of the SFO) and/or required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules relating to securities transactions by the Directors.

SUBSTANTIAL SHAREHOLDER

As at 30 June 2004, so far as is known to the Directors (other than Mr. Chang who has not been contactable) or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital are as follows:

(A) Long positions in the shares

Name of Shareholders *(Note)*	Capacity/ Nature of interests	Number of Shares Long position	Number of Shares Short position	Approximate % to the existing issued share capital of the Company
Mr. Tsai Jenp Luh, Phil *(Note 1)*	Personal/ Family	99,523,688	–	17.30%
Ms. Tu Wen Yueh *(Note 1)*	Personal/ Family	99,523,688	–	17.30%
Ms. Lin Huei Lin *(Note 2)*	Personal/ Family	103,140,752	–	17.93%
KA Land Pte Ltd *(Note 3)*	Beneficial interests	143,802,864	–	24.99%
Singapore Telecommunications Limited *(Note 3)*	Interests of controlled corporation	143,802,864	–	24.99%
Tenway Limited	Beneficial interests	2,000,000,000	–	77.66%

Name of Shareholders *(Note)*	Capacity/ Nature of interests	Number of Shares Long position	Short position	Approximate % to the existing issued share capital of the Company
Mr. Gui Song ("Mr. Gui") *(Note 4)*	Interests of controlled corporation	2,000,000,000	–	77.66%
Dr. Li Fang Hong ("Dr. Li") *(Note 4)*	Interests of controlled corporation	2,000,000,000	–	77.66%
Hopewell Global Limited *(Note 4)*	Interests of controlled corporation	2,000,000,000	–	77.66%
Worldtime Limited *(Note 4)*	Interests of controlled corporation	2,000,000,000	–	77.66%

Notes:

1. Ms. Tu Wen Yueh is the spouse of Mr. Tsai Jenp Luh, Phil. These Shares are held as to 99,305,288 Shares by Mr. Tsai Jenp Luh, Phil and the remaining 218,400 Shares by Ms. Tu Wen Yueh.

2. Ms. Lin Huei Lin is the spouse of Mr. Chang. These Shares are held as to 99,628,984 Shares by Mr. Chang and the remaining 3,511,768 Shares by Ms. Lin Huei Lin.

3. KA Land Pte Ltd., a wholly-owned subsidiary of Singapore Telecommunications Limited, held 143,802,864 Shares.

4. Worldtime Limited is interested in 30.62% of the issued share capital of the Subscriber and Dr. Li is in turn interested in 99% of the issued share capital of Worldtime Limited. Hopewell Global Limited is interested in 65% of the issued share capital of the Subscriber and Mr. Gui and Dr. Li are in turn interested in 75% and 25% respectively of the issued share capital of Hopewell Global Limited. Accordingly, Worldtime Limited, Hopewell Global Limited, Mr. Gui and Dr. Li are deemed to be interested in the Shares held by the Subscriber.

(B) Long positions in the underlying shares – convertible notes

KA Land Pte Ltd., a wholly-owned subsidiary of Singapore Telecommunications Limited also held convertible notes with an aggregate principal amount of HK$7,800,000 issued by the Company. Upon full conversion of these convertible notes, 39,000,000 shares of the Company, representing 6.78% of the issued shares of the Company at 30 June 2004, will be issued.

(C) Long positions in the underlying shares – share options

Name	Date of grant	Vesting period	Exercise period	Exercise price per share HK$	Balance as at 1 January 2004 and 30 June 2004	Percentage to issued shares as at 30 June 2004
Mr. Tsai Jenp Luh, Phil	27 December 2001	8 July 2002 to 1 January 2004	8 July 2002 to 20 December 2011	0.70	1,144,000	0.20%
	21 February 2002	1 January 2003 to 1 January 2005	1 January 2003 to 31 December 2005	1.212	1,500,000	0.26%
					2,644,000	0.46%

Save as disclosed above, the Directors (other than Mr. Chang who has not been contactable) and chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who as at 30 June 2004 had interests and/or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SPONSOR'S INTERESTS

Hantec Capital Limited ("Hantec") has been appointed as (i) the sponsor of the Company for the period from 16 January 2004 to 31 December 2004; and (ii) the financial advisor of the Company in relation to the resumption of trading in the shares of the Company on the Stock Exchange in return for advisory fees. As updated and notified by Hantec, none of Hantec, its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 10 August 2004.

Save as disclosed above, Hantec had no other interest in the Company as at 10 August 2004.

COMPETING INTERESTS

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 of Mr. Ip Man Tin, David ("Mr. Ip") and Mr. Leung Hong Tai ("Mr. Leung"). Both Mr. Ip and Mr. Leung were appointed to the audit committee on 4 February 2004. 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, this unaudited half-yearly report for the six months ended 30 June 2004 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 six months ended 30 June 2004.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the accounting period covered by the half-yearly report.

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

Hong Kong, 10 August 2004

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