



GLOBAL CHINA TECHNOLOGY GROUP LIMITED

泛華科技集團有限公司

(Incorporated in Bermuda with limited liability)

Discloseable Transaction

Acquisition of an interest in a proposed PRC equity joint venture

On 25th September 2000, the Company through a wholly-owned subsidiary, Pure Energy, entered into the Joint Venture Contract with independent third parties to acquire a 40% interest in an equity joint venture, Beelink Limited, to be established in Jinan City, Shandong Province. Pursuant to this Joint Venture Contract, the Group will invest a total amount of approximately RMB263,000,000 which includes the capital contribution of the Group to Beelink Limited of US\$11,960,000 and a sum payable to Sanlian Electronics of RMB160,000,000 in consideration of Sanlian Electronics injecting certain intellectual property rights into Beelink Limited.

The principal activities of Beelink Limited are to provide technical support and consulting services on high technology business. Beelink Limited will also enter into a Service Contract with Sanlian Electronics to provide consulting services for Beelink Network and Beelink portal.

The Directors believe that by entering into the said agreements, the Group is expanding its business in the direction described in the circular issued on 23rd June 2000 to conduct a range of information technology and Internet-related business in Asia, including Hong Kong and the PRC.

On 25th September 2000, the Company through a wholly-owned subsidiary, Pure Energy, entered into the Joint Venture Contract with independent third parties to acquire a 40 per cent. interest in an equity joint venture to be established in Jinan City, Shandong Province. The details of the contract are summarised below.

THE JOINT VENTURE CONTRACT

Date of the agreement

25th September 2000

Parties

- (a) Sanlian Electronics
- (b) Pure Energy
- (c) China Shandong Group

The interests of the Parties in the Joint Venture are: Sanlian Electronics --- 50%, Pure Energy --- 40% and China Shandong Group --- 10%, China Shandong Group is a "window company" of the Shandong Provincial Government.

The asset being acquired

40% of the equity interest of Beelink Limited, a proposed Sino-foreign equity joint venture

Total Consideration

The Investment of US\$11,960,000 (approximately RMB102,856,000) and a sum payable to Sanlian Electronics of RMB160,000,000.

The registered capital of Beelink Limited is US\$29,900,000 (approximately RMB257,140,000). The Investment represents 40% of the registered capital of Beelink Limited.

Payment terms

For the Investment, Pure Energy shall deposit US\$3,588,000 (approximately RMB30,856,800), i.e.

30% of the Investment, into the account of Beelink Limited within 1 month from the date on which Beelink Limited obtains its business licence.

After all the conditions (see below) of the Joint Venture Contract are fulfilled, the balance US\$8,372,000 (approximately RMB71,999,200), being 70% of the Investment, will be paid according to the time limits set by the Board according to Beelink Limited's business plan. In any event, this balance must be fully paid within 9 months from the date on which Beelink Limited obtains its business licence.

For the RMB160,000,000 payable to Sanlian Electronics by Pure Energy in consideration of Sanlian Electronics injecting certain intellectual property rights including the right to the trademarks and domain names of Beelink portal into Beelink Limited, Pure Energy shall first pay RMB42,400,000 within 20 working days from the date on which Beelink Limited obtains its business licence. The remaining RMB117,600,000 is payable at the end of five years to the extent that it has not been paid to and utilised by Sanlian Electronics as further capital injected into Beelink Limited. The amount payable to Sanlian Electronics is part of the commercial arrangement agreed by the Parties with reference to the agreed values of the relevant intellectual property rights and the goodwill of Beelink portal based on the earning potential of the Joint Venture. The Parties came to agreement after arm's-length negotiations and the Directors consider that such amount is fair and reasonable.

Funding

The Directors intend to fund the said consideration by way of internal resources of the Group.

Particulars of Beelink Limited

The principal activities of Beelink Limited are to provide technical support and consulting services on hi-technology business.

Beelink Limited will provide comprehensive technical support which covers research and development, production and sales of network products and software applications, system integration, information technology consulting, training and support services to Sanlian Electronics. Sanlian Electronics now operates a broadband multimedia network, Beelink Network, and Beelink portal, in Jinan City, Shandong Province and Beelink Limited will specifically develop technologies and products for the use of Beelink Network and Beelink portal.

Term of the Joint Venture

50 years from the date on which the business licence for Beelink Limited is issued.

Key terms of the Joint Venture Contract

Conditions:

The conditions of the Joint Venture Contract include, among other things,

1. Sanlian Electronics is the only registered and beneficial owner of Beelink Network, Beelink portal and all the relevant trademarks and domain names of Beelink portal; and the Parties, within 30 days from the date on which Beelink Limited's business licence is issued, confirm that Sanlian Electronics' ownership of Beelink Network, Beelink portal and all the relevant trademarks and domain names of Beelink portal have not changed in substance.
2. Sanlian Electronics continues to have the rights to develop, own and operate Beelink Network and Beelink portal in Jinan City, Shandong Province, PRC.
3. From the date on which the Joint Venture Contract and the Articles were signed to the date they are approved, there has been no promulgation of any Chinese law or regulation that would affect adversely Sanlian Electronics' rights to develop, own and operate Beelink Network and Beelink portal.
4. Within 30 days from the date on which Beelink Limited's business licence is issued, the Parties should jointly engage a PRC-registered practising lawyer to obtain a legal opinion confirming (i) that the Joint Venture Contract, the Articles and the Service Contract are legal, valid and binding upon the signing parties; and (ii) that paragraphs 2 and 3 as stated above are satisfied and that in relation to the transactions (mentioned in the Joint Venture Contract and the Articles) which require formal approvals from third parties (including the relevant authorities in the PRC), the necessary approvals have been obtained.

If any of the conditions of the Joint Venture Contract is not satisfied within 3 months after the date the Joint Venture Contract takes effect and there is no agreement otherwise among the Parties, the Joint Venture Contract shall become invalid. Any capital that has been paid to Beelink Limited as registered capital before the Joint Venture Contract becomes invalid shall be returned to the party which has paid the amount without interest.

Other Key Terms:

1. Pure Energy is entitled to appoint the Chairman of the Board.
2. Sanlian Electronics undertakes towards Pure Energy and China Shandong Group that it would, within 10 days from the date Beelink Limited's business licence is issued, enter into the Service Contract with Beelink Limited (see below).
3. Sanlian Electronics agrees to transfer to Beelink Limited the operating rights for its business relating to Beelink Network and Beelink portal at no cost in accordance with the relevant PRC laws when the Parties consider it appropriate to do so.
4. If any party to the Joint Venture Contract wishes to sell any part of its interests in Beelink Limited, the other parties to the Joint Venture Contract shall have the pre-emptive rights to buy the interests proposed to be sold.
5. When Sanlian Electronics and China Shandong Group are still holding business interests in Beelink Limited, Pure Energy and its related companies cannot by themselves or in conjunction with other parties operate any business in Shandong Province which may affect Beelink Limited adversely or which constitutes competition with Beelink Limited. However, Pure Energy and its related companies may hold interests in any business or joint ventures so long as the interests concerned are less than 50% or Pure Energy and its related companies are not involved in its operation and management.
6. Sanlian Electronics should as soon as possible after the formation of Beelink Limited transfers its trademarks and domain name of Beelink portal to Beelink Limited.
7. If, within 3 years from the date on which Beelink Limited is issued its business licence, Sanlian Electronics breaches the Joint Venture Contract or the Joint Venture Contract is terminated due to the reasons provided in the Joint Venture Contract including that Sanlian Electronics' rights to operate Beelink Network and Beelink portal are affected, the amount paid in respect of the amount of RMB160,000,000 as mentioned in "Total Consideration" above shall be refunded and the remaining balance shall no longer be payable.
8. To facilitate the preparation and establishment of the Joint Venture before the Joint Venture Contract was signed, Pure Energy provided a guarantee to a bank in respect of certain facility for the amount of RMB20,000,000 granted to Sanlian Group and Sanlian Electronics for arrangement of the Preparation Fund. The amount to be paid by Pure Energy in respect of the facility shall be treated as part of the capital Pure Energy is required to inject into Beelink

Limited under the Joint Venture Contract.

THE ARTICLES

The terms of the Articles follow closely the terms adopted in the Joint Venture Contract.

THE SERVICE CONTRACT

Pursuant to the Joint Venture Contract, Beelink Limited will enter into the Service Contract with Sanlian Electronics within 10 days after the date Beelink Limited's business licence is issued. The Service Contract forms part of the Joint Venture Contract and the key terms are summarised below:

Parties

- (a) Sanlian Electronics
- (b) Beelink Limited

Key terms of the Service Contract

1. Sanlian Electronics agrees to engage Beelink Limited exclusively to provide consulting services to Beelink Network and Beelink portal, which are owned and operated by Sanlian Electronics, for a Service Fee.
2. The Service Fee is the income from operating the Beelink Network and Beelink portal after deducting the operating expenses and a fee payable to Sanlian Electronics.

REASONS FOR THE TRANSACTION

The Directors believe that by entering into the said agreements, the Group is expanding its business in the direction described in the circular issued on 23rd June 2000 to conduct a range of information technology and Internet-related business in Asia, including Hong Kong and the PRC. Besides, Sanlian Electronics pioneered the construction of the first optical fibre network in Jinan City, Shandong, the collaboration between the Company and Sanlian Electronics will benefit the Group

in developing information business in the PRC and generating good return to the Group.

INFORMATION FOR THE SHAREHOLDERS

Under the Listing Rules, the acquisition of a 40% interest in the Joint Venture constitutes a discloseable transaction for the Company. The total consideration paid for the acquisition represents approximately 26% of the consolidated net asset value of the Company. The consolidated net asset of the Company as at the date of the announcement is approximately HK\$916.7 million. A circular containing details of the terms of the Joint Venture Contract will be despatched to the Shareholders as soon as practicable.

Terms used in this announcement

"Articles"	The articles of Beelink dated 25th September 2000
"Beelink Limited" or "Joint Venture"	百靈信息科技有限公司 (Beelink Information Technology Co., Ltd.), a Sino-foreign equity joint venture to be formed under the Joint Venture Contract
"Beelink Network"	A broadband multimedia network owned and operated by Sanlian Electronics in Jinan City, Shandong Province
"Beelink portal"	Beelink.com, a multimedia portal owned and operated by Sanlian Electronics in Jinan City, Shandong Province
"Board"	The board of directors of Beelink Limited
"China Shandong Group"	China Shandong Group Ltd. (華魯集團有限公司), a limited liability company established in the PRC under PRC law, which is not connected with any director, chief executive, or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them
"Company"	Global China Technology Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited
"Directors"	The directors of the Company
"Group"	The Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Investment"	The capital of Beelink Limited that Pure Energy should inject under the Joint Venture Contract
"Joint Venture Contract"	A Sino-foreign equity joint venture agreement dated 25th September 2000 entered into by Sanlian Electronics, Pure Energy and China Shandong Group
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Parties"	Parties to the Joint Venture Contract
"PRC"	People's Republic of China

"Preparation Fund"	the facility guaranteed by Pure Energy for a period of 6 months from the provision of the facility for provision of funds to Sanlian Group and Sanlian Electronics for the specific purpose of establishing Beelink Limited
"Pure Energy"	Pure Energy Technology Limited, a limited liability company incorporated in the British Virgin Islands
"RMB"	Renminbi, the lawful currency of the PRC
"Sanlian Electronics"	Shandong Sanlian Electronics and Information Co., Ltd. (山東三聯電子信息有限公司), a limited liability company established in the PRC under PRC law, which is not connected with any director, chief executive, or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them
"Sanlian Group"	三聯集團公司 (Sanlian Group Corporation), a company established in the PRC under PRC law
"Service Contract"	Network Construction and Technology Consulting Contract to be entered into by Sanlian Electronics and Beelink Limited
"Service Fee"	The variable monthly fee Sanlian Electronics is liable to pay to Beelink Limited in accordance with the Service Contract
"Shareholders"	Shareholders of the Company

By Order of the Board
Global China Technology Group Limited
Ho Tsu Kwok, Charles
Chairman

Hong Kong, 25th September 2000

** For identification purpose only*