



GLOBAL CHINA TECHNOLOGY GROUP LIMITED

泛華科技集團有限公司*

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION ESTABLISHMENT OF BEIJING XINHUA TV BROADCASTING LIMITED ANNOUNCEMENT

The board of directors of the Company is pleased to announce that on 6th August, 2001, Global China Media, a wholly-owned subsidiary of the Company, entered into the JV Contract with Xinhua Media for the establishment of the PRC JV, which is owned as to 49% of the registered capital by Global China Media, and as to 51% of the registered capital by Xinhua Media.

The business of the PRC JV includes audio/visual services planning and consultation, marketing of new audio/visual technology and services, and computer graphics design and development. The Directors believe that this line of business is complementary to the Company's plan to develop its business in the information technology markets in the PRC and is conducive to achieving the strategic goals of the Company by leveraging its existing resources and competitive advantages.

Pursuant to the terms and conditions of the JV Contract, Global China Media is interested in 49% of the registered capital of the PRC JV and Xinhua Media is interested in the remaining 51% of the registered capital.

Both Xinhua Media and CEIS are under the common control of XNA. Xinhua Media is therefore an associate (as defined in the Listing Rules) of CEIS. The JV Contract constitutes a connected transaction for Global China. Such transaction is subject only to the disclosure requirements as set out in rule 14.25(1) of the Listing Rules.

SUMMARY OF THE TRANSACTION:

On 6th August, 2001, Global China Media and Xinhua Media entered into the JV Contract for the establishment of the PRC JV subject to and on the terms and conditions therein. The registered capital of the PRC JV is to be contributed as to 49% by Global China Media and 51% by Xinhua Media.

Moreover, pursuant to the terms of the JV Contract, Xinhua Media shall, and shall procure the PRC JV to, upon the due establishment of the PRC JV, enter into the Technical Services Agreement for the purpose of provision of technical consultation and management services by the PRC JV to Xinhua Media subject to the terms and conditions therein.

PARTICULARS OF THE AGREEMENTS:

1. The JV Contract

Date : 6th August, 2001

Parties:

Foreign partner : Global China Media, a wholly-owned subsidiary of Global China

PRC partner : Xinhua Media, an affiliate of XNA

Terms

The JV Contract provides for the establishment of the PRC JV, a sino-foreign equity joint venture, for a period of 15 years. The total investment for the PRC JV is RMB18,000,000 and the registered capital of the PRC JV is RMB13,000,000 to which Global China Media shall contribute RMB6,370,000 representing 49% of the registered capital and Xinhua Media shall contribute RMB6,630,000 representing 51% of the registered capital. Pursuant to the terms of the JV Contract, the capital contribution has to be fully paid within 6 months from the date the PRC JV first obtains business licence issued by the relevant governmental authority in the PRC.

The board of directors of the PRC JV will comprise of 7 directors, 4 of whom will be nominated by Xinhua Media and 3 by Global China Media. The distribution of profits, if any, will be made to Xinhua Media and Global China Media pro rata to their respective capital contribution to the registered capital of the PRC JV.

Upon dissolution of the PRC JV pursuant to the provisions of the JV Contract, the net remaining assets of the PRC JV will be distributed to Xinhua Media and Global China Media pro rata to their respective capital contribution to the registered capital of the PRC JV.

Moreover, Xinhua Media shall, and shall procure the PRC JV to, enter into the Technical Services Agreement for the purpose of provision of technical consultation and management services by the PRC JV to Xinhua Media subject to the terms and conditions therein within 10 days from the date the PRC JV first obtains business licence issued by the relevant governmental authority in the PRC.

In accordance with the laws of the PRC, the terms of the JV Contract are subject to final approval by the relevant approval authorities of the PRC.

2. The Technical Services Agreement

Date : To be entered into within 10 days from the date the PRC JV first obtains business licence issued by the relevant governmental authority of the PRC. The management of the Company expects to obtain the aforesaid business licence within 6 months from the date of the JV Contract, provided that the JV Contract can be approved by the relevant approval authorities of the PRC in a timely manner

Proposed parties:

1st party : Xinhua Media, an affiliate of XNA

2nd party : the PRC JV

Terms

Pursuant to the proposed terms of the Technical Services Agreement, the PRC JV will agree to provide technical consultation and management services to Xinhua Media in support of the business operations of the latter during the subsistence of the PRC JV for a technical service fees to be determined by the board of directors of the PRC JV by reference to the revenue of Xinhua Media.

INFORMATION ON THE PRC JV:

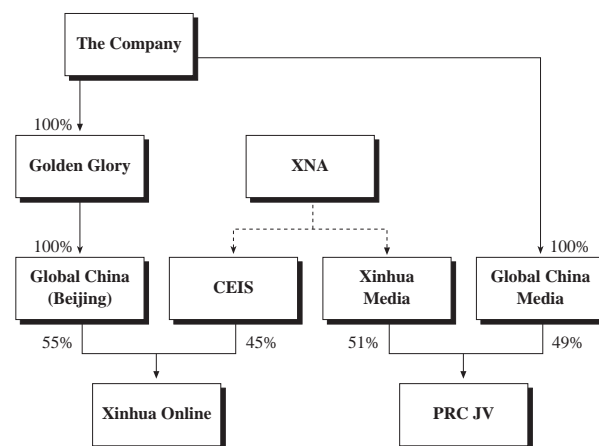
The business of the PRC JV includes audio/visual services planning and consultation, marketing of new audio/visual technology and services, and computer graphics design and development.

REASONS FOR THE TRANSACTION:

The Directors believe that the establishment of the PRC JV and its proposed line of business is complementary to the Company's plan to develop its business in the information technology markets in the PRC and is conducive to achieving the strategic goals of the Company by leveraging its existing resources and competitive advantages.

CONNECTED TRANSACTION:

Both Xinhua Media and CEIS are under the common control of XNA. Xinhua Media is therefore an associate (as defined in the Listing Rules) of CEIS. The JV Contract constitutes a connected transaction for Global China. Such transaction is subject only to the disclosure requirements as set out in rule 14.25(1) of the Listing Rules. Details of the Agreements will be disclosed in the annual report and accounts of Global China for the year ended 31st March, 2002. A diagrammatic presentation of the relevant corporate structure is as follows:



GENERAL:

The directors, including the independent non-executive directors, of the Company, who have participated in the consideration and approval of the transaction under the JV Contract and the Technical Services Agreement, are of the opinion that such transaction and the terms and conditions thereof are on normal commercial terms and are fair and reasonable, and that they are in the commercial interests of the Company. The terms and conditions of the aforesaid agreements have been reached after due negotiations between parties concerned on an arm's length basis.

DEFINITIONS USED IN THIS ANNOUNCEMENT:

"CEIS"	中國經濟信息社, an affiliate of XNA
"Directors"	the board of directors of Global China
"Global China" or "the Company"	Global China Technology Group Limited, an exempted company incorporated in Bermuda with limited liability, shares of which are listed and traded on the main board of the Stock Exchange
"Global China (Beijing)"	Global China Information Technology (Beijing) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Golden Glory
"Global China Media"	Global China Media Technology Limited (泛華媒體技術有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Global China
"Golden Glory"	Golden Glory Technology Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Global China
"JV Contract"	the joint-venture contract (in Chinese) dated 6th August, 2001 entered into between Xinhua Media and Global China Media for the establishment of the PRC JV
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC" or "China"	The People's Republic of China
"PRC JV"	(北京新華電廣文化傳播有限公司) (Beijing Xinhua TV Broadcasting Limited), a sino-foreign equity joint venture, of which Global China Media is interested as to 49% of its registered capital and Xinhua Media is interested in the remaining 51% of its registered capital
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technical Services Agreement"	the technical consultancy and management services agreement (in Chinese) to be entered into between Xinhua Media and the PRC JV for the provision of technical consultation and management services by the PRC JV to Xinhua Media subject to the terms and conditions therein
"Xinhua Media"	(新華音像中心), an affiliate of XNA
"Xinhua Online"	Xinhua Online Info-tech Company Limited (新華在線信息技術有限公司), a sino-foreign equity joint venture, of which Global China (Beijing) is interested as to 55% of its registered capital and CEIS is interested in the remaining 45% of its registered capital
"XNA"	Xinhua News Agency

By order of the Board of
GLOBAL CHINA TECHNOLOGY GROUP LIMITED
WONG Wai Ming
Executive Director

Hong Kong, 8th August, 2001

* For identification purposes only