



GLOBAL CHINA TECHNOLOGY GROUP LIMITED

泛華科技集團有限公司*

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

ESTABLISHMENT OF GREATER CHINA MEDIA SERVICES LIMITED

ANNOUNCEMENT

The board of Directors of Global China is pleased to announce that on August 30, 2002 Global China Media Services, a wholly-owned subsidiary of Global China, entered into the JV Contract with a wholly-owned entity of People's Daily Press (人民日報社), Da Di Distribution (大地發行中心), for the establishment of the PRC JV, the registered capital of which is owned as to 49% by Global China Media Services and as to 51% by Da Di Distribution (大地發行中心).

The PRC JV is established to undertake the business of, principally, the national distribution of print media publications, including newspapers, magazines and books, and the provision of other media related services in the PRC.

The Directors believe that this new venture represents a significant business opportunity to the Group and will contribute to the realization of the Group's strategy to extend its product offering and to establish a significant presence in the media industry in the PRC. It is also in line with the Group's vision of becoming a leading multi-media company serving global Chinese communities.

The JV Contract constitutes a discloseable transaction for Global China. Under rule 14.13 (2) of the Listing Rules, a circular containing details of the transaction will be dispatched to shareholders in due course.

SUMMARY OF THE TRANSACTION

On August 30, 2002, Global China Media Services and Da Di Distribution (大地發行中心) entered into the JV Contract for the establishment of a Chinese-foreign equity joint venture, Greater China Media Services, for the purpose of undertaking the business of, principally, the national distribution of print media publications, including newspapers, magazines and books, and the provision of other media related services in the PRC. The registered capital of the PRC JV is to be owned as to 49% by Global China Media Services and as to 51% by Da Di Distribution (大地發行中心).

The total investment by Global China Media Services in the PRC JV, which will be in cash representing contribution to registered capital and shareholder's loan, will be up to a maximum of RMB250,000,000.

PARTICULARS OF THE JOINT VENTURE

The JV Contract

Date : August 30, 2002

Parties :

Foreign party Global China Media Services, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Global China

PRC party Da Di Distribution (大地發行中心), a state-owned enterprise established under the laws of the PRC and wholly-owned by People's Daily Press (人民日報社)

Terms of the JV Contract

The JV Contract provides for the establishment of a Chinese-foreign equity joint venture, Greater China Media Services, the principal business of which is the national distribution of print media publications, including newspapers, magazines and books, and the provision of other media related services in the PRC. The PRC JV is a limited liability company incorporated under the laws of the PRC with its registered office in Beijing, the PRC.

The initial registered capital of the PRC JV is RMB100,000,000, to which Global China Media Services will contribute RMB49,000,000, representing 49% of the registered capital, and Da Di Distribution (大地發行中心) will contribute RMB51,000,000, representing 51% of the registered capital. Pursuant to the terms of the JV Contract, the capital contribution will be paid in cash and will be fully paid up within six months from the date the PRC JV obtains its business license from the relevant government authority in the PRC.

Under the JV Contract, the total investment amount of the PRC JV is RMB250,000,000. The balance of the total investment amount (after deducting the initial registered capital) will be provided by the partners of the PRC JV in the form of interest-free shareholder's loans, which may or may not be proportionate to their respective interests in the registered capital of the PRC JV.

In addition, Global China Media Services and Da Di Distribution (大地發行中心) have agreed that, depending on the funding requirements of the PRC JV and upon an increase in the total investment amount of the PRC JV being approved by the relevant government authority, an additional interest-free shareholder's loan will be provided by Global China Media Services to the PRC JV, such that the total investment by Global China Media Services (which will be in cash representing contribution to the registered capital and shareholder's loan) will not exceed RMB250,000,000.

The shareholder's loans will be repaid as and when the PRC JV records a net profit in its financial statements. The JV Contract provides that the amount of repayment in a particular financial year will be not less than 80% of the profit after tax and after contribution to such funds as may be stipulated under PRC laws of the PRC JV in that financial year. In addition, to the extent that the shareholder's loan to be provided by Global China Media Services exceeds the shareholder's loan to be provided by the PRC party, such excess amount will be repaid prior to any repayment to be made to the PRC party.

The board of directors of the PRC JV will comprise seven members, four of whom will be nominated by Da Di Distribution (大地發行中心), and three by Global China Media Services. The chairman of the board of directors will be nominated by Da Di Distribution (大地發行中心) and the General Manager and Chief Financial Controller will be nominated by Global China Media Services.

The terms of the JV Contract have been reached after arm's length negotiations between the parties concerned.

FUNDING OF THE TRANSACTION

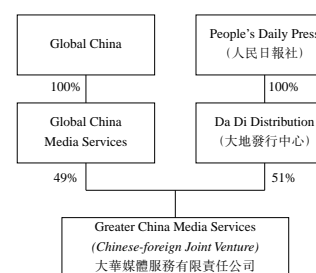
The investment by Global China Media Services in the PRC JV is intended to be funded by internal resources within the Group.

INFORMATION ON THE PRC JOINT VENTURE

The principal business of the PRC JV is the wholesale and retail distribution of print media publications, including newspapers, magazines and books, on a nation-wide basis in the PRC. The PRC JV intends that a distribution network will be initially developed in Beijing, which

will be extended to cover major cities in the PRC within a period of two years. Leveraging on its distribution network, the PRC JV also intends to provide a range of media related services including the provision of information and promotional services to media companies in the PRC.

Joint Venture Structure



REASONS FOR THE TRANSACTION

The Directors believe that this new venture represents a significant business opportunity to the Group. With the rapid development of the PRC media industry in recent years, the market for the distribution of print media products in the PRC is experiencing strong growth, and competition is limited to one or two state entities and a number of small-scale local operators. In addition, under current PRC law, foreign participation in the media industry is restricted to media services, and media distribution represents both a lucrative and effective way for the Group to lay a foundation for its future business development in the media industry in the PRC. The transaction is expected to contribute to the realization of the Group's strategy to extend its product offering and establish a significant presence in the media industry in the PRC. It is also in line with the Group's vision of becoming a leading multi-media company serving global Chinese communities.

GENERAL

The transaction contemplated under the JV Contract constitutes a discloseable transaction for Global China under the Listing Rules. In this regard, a circular containing further information as required under the Listing Rules will be sent to the shareholders of Global China as soon as possible.

DEFINITIONS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings as set out below unless the context requires otherwise:

"Da Di Distribution"	Da Di Distribution Centre* (大地發行中心), a state-owned enterprise established under the laws of the PRC and wholly-owned by People's Daily Press* (人民日報社)
"Directors"	the board of directors of Global China
"Global China"	Global China Technology Group Limited (to be renamed as Global China Group Holdings Limited), an exempted company incorporated in Bermuda with limited liability the shares of which are listed and traded on the main board of the Stock Exchange
"Global China Media Services"	Global China Media Services Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Global China
"Group"	Global China and its subsidiaries
"JV Contract"	the equity joint venture contract (in Chinese) dated August 30, 2002 entered into between Global China Media Services and Da Di Distribution (大地發行中心) for the establishment of the PRC JV
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC" or "China"	The People's Republic of China
"PRC JV" or "Greater China Media Services"	Greater China Media Services Limited (大華媒體服務有限責任公司), a Chinese-foreign equity joint venture, in which Global China Media Services and Da Di Distribution (大地發行中心) are interested as to 49% and 51% respectively of its registered capital
"RMB"	Remminbi, the lawful currency of PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board of
Global China Technology Group Limited
Wong Wai Ming
Director

Hong Kong, August 30, 2002

* For identification purpose only