EXHIBIT 10.2  
 MEMORANDUM OF UNDERSTANDING DATED JANUARY 8, 2001  
 BETWEEN XXXXXX.XXX, INC. AND POWERNET USA LTD.  
  
 MEMORANDUM OF UNDERSTANDING  
 Made and entering into effect on January 8th, 2001  
  
  
This agreement was signed in Montreal, on the 8th day of January, 2001.  
  
BETWEEN: POWERNET USA LTD., a corporation incorporated under the  
 laws of the State of Delaware with its registered office  
 and principal place of business at 000, Xxxxxxxx Xxxxxx,  
 Xxxxx 000, Xxxxx, Xxxxxxx, represented in this agreement  
 by Xx. Xxxxx X. Xxxxxx, duly authorized to act for these  
 purposes by a resolution adopted by the Board of  
 Directors on December 30th, 2000, a certified copy of  
 which is appended as Schedule A.  
  
 (Hereinafter called "Powernet")  
  
AND: XXXXXX.xxx Inc., a corporation incorporated under the  
 laws of the State of Delaware, with its registered  
 office and principal place of business at 000 Xxxxx  
 Xxxxx Xxxxxxxxx, 0xx Xxxxx, Xxxxxxxx, Xxxxxxxxxx, X.X.X.,  
 00000, represented in this agreement by Mr. Weigo Lang,  
 duly authorized to act for these purposes by a  
 resolution adopted by its directors on December 8, 2000,  
 a certified copy of which is appended as Schedule B.  
  
 (Hereinafter called "QinNet")  
  
Powernet and QinNet are hereinafter called "Party" individually  
and jointly called "Parties".  
  
 PREAMBLE  
  
WHEREAS Powernet is a "Thin Client" architecture, server-based  
computing information technology company that has developed and is  
providing systems and services in eight countries,  
  
WHEREAS Powernet is interested in establishing and providing its  
Powernet server-based services in the People's Republic of China.  
  
WHEREAS QinNet carries on business in the value added telecom and  
information technology (ISP, ASP, e-Commerce, SOHO, VOIP, e-  
Publishing) sectors, is solidly established in China and is  
interested in establishing the Powernet server-based service in  
China (the "Project").  
  
  
  
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WHEREAS the Parties have the experience and complementary  
knowledge required to carry out the Project, and wish to undertake  
initially two (2) pilot projects:  
  
\* City of Beijing: with China Telecom, China Netcom, China Unicom  
 or any other mutually agreed upon Telco, with such Pilot  
 Project consisting of one (1) operational centre with one (1)  
 server capable of serving 2000 End Users or 2000 terminals  
 ("Beijing Pilot Project")  
  
\* City of Tianjin: with China Telecom, China Netcom, China Unicom  
 or any other mutually agreed upon Telco, with such Pilot  
 Project consisting of one (1) operational centre with one (1)  
 server capable of serving 2000 End Users or 2000 terminals  
 ("Tianjin Pilot Project")  
  
WHEREAS the Parties wish to combine their efforts, to collaborate  
on an exclusive basis and to associate themselves in a Consortium  
to promote the Project and the two Pilot Projects under a formula  
of license for use, purchase-installation of the technology, and  
commercial use of the Powernet server-based services in the City  
of Tianjin and the City of Beijing (the "Territory"); the Parties  
wish their collaboration to be in accordance with the terms and  
conditions set out in the following, which is agreed to by the  
Parties.  
  
WHEREAS the Parties declare that they are willing, where  
applicable, to extend their collaboration to other territories in  
China but do not wish to make any undertakings with respect to  
such future collaboration at this time. Subject to the success of  
the pilot projects, other territories may be developed on a case-  
by-case scenario.  
  
WHEREAS the Parties wish to set out the terms of their  
collaboration and define their respective rights and obligations  
with regard to carrying out the Project.  
  
NOW, THEREFORE, the Parties agree as follows:  
  
1. STAGES OF PROJECT IMPLEMENTATION AND TIMETABLE  
  
1.1 At this time, the Parties wish to carry out the Project  
together and exclusively in China and the Territory,  
including the Beijing Pilot Project and the Tianjin Pilot  
Project in accordance with the following stages and timetable  
on a "go-no go" basis:  
  
 STAGE 1  
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For the Beijing Pilot Project and for the Tianjin Pilot Project:  
  
\* Identification of clientele: institutions, government services,  
 government organizations, non-profit organizations, social  
 organizations, large corporations, individuals, industries,  
 Soho market, small and medium-sized businesses, commercial  
 sector and private sector or any other potential customer that  
 would be a client (the "Clients");  
  
  
  
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\* Identification of local key-suppliers, including, but not  
 limited to, Telco's, Cable operators and manufacturers of  
 hardware,  
  
\* Presentation of the Project and the Beijing and Tianjin Pilot  
 Projects to local suppliers, competent authorities including,  
 but not limited to, Telco's, China Telecom, China Unicom and  
 China Netcom, Banks and Utility Co's;  
  
\* Elaboration of a programme of activities for subsequent Stages  
 and adoption of a Consortium budget.  
  
\* Invitation schedule for visiting the Powernet offices in  
 Montreal and/or Miami.  
  
\* Timetable: January 2001.  
  
 STAGE 2  
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For the Beijing Pilot Project and for the Tianjin Pilot Project:  
  
\* Technical feasibility studies (location, Identification of  
 potential clients).  
  
\* Business plan, marketing plan, access to human resource,  
 offices, costs and capital requirements, with financing jointly  
 conducted by the parties.  
  
\* Timetable: January and March 2001  
  
 STAGE 3  
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For the Beijing Pilot Project and for the Tianjin Pilot Project:  
  
\* Securing financing and setting up the Chinese company that will  
 be owned, contingent upon Chinese regulatory approval, 100% by  
 a Canadian corporation, the negotiation and execution of the  
 shareholders' agreement between Powernet and QinNet for the  
 Canadian corporation.  
  
\* Conclusion of the license for use of the Powernet system in the  
 Territory and royalties, and of all undertakings and  
 commercial, technical and financial contracts for carrying out  
 the Beijing and Tianjin Pilot Projects (for example, the  
 Chinese Telco's, ISP's, Cable companies, local and  
 international banks, billing agreements, service agreements  
 with Clients).  
  
\* Timetable: April and May 2001  
  
 STAGE 4  
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For the Beijing Pilot Project and for the Tianjin Pilot Project:  
  
\* Engineering/installation and commercialization of the Powernet  
 service  
  
  
  
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\* Timetable: June and July 2001  
  
 STAGE 5  
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\* Operational Service for the Beijing and Tianjin Pilot Projects  
 to be carried out.  
  
\* Timetable: from 15 June 2001.  
  
 STAGE 6  
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From 15 June 2001 to 15 August 2001, the Parties to the Pilot  
Projects and the subsequent co-operative efforts contemplated,  
shall use their best efforts to complete the evaluation and  
facilitate the acceptance of a viable business plan, marketing  
plan, content application and advertisement and financing for the  
Project.  
  
2. NAME AND ADDRESS OF CONSORTIUM  
  
The Consortium shall be known as QinPowernet or any other  
mutually agreed branding.  
  
The location of the office of the Consortium is to be  
determined by the Management Committee that is to be set  
forth in Section 4.  
  
3. FINANCIAL INTEREST OF PARTIES  
  
The respective equity interests and revenue sharing of each  
of the Parties for the Canadian Corporation under this agreement  
shall be in the following ratios:  
  
 Equity Interest Revenue Sharing  
  
Powernet: 51% 50%  
QinNet: 49% 50%  
  
4. MANAGEMENT COMMITTEE  
  
4.1 The Parties hereby create a management committee (hereinafter  
 called the "Management Committee). Each Party shall appoint 2  
 representatives to the Management Committee, which shall  
 consist of 4 members. The Management Committee will therefore  
 consist of the following persons representing the Parties:  
 Powernet: Xxxxx X. Xxxxxx  
  
 Xxxxx Xxxxxxx  
  
  
  
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 QinNet: Xx Xx  
 Weigo Lang  
  
 Each Party may by written notice to the other remove and  
replace its representatives. The new representative will become a  
member of the Management Committee without any further  
formalities.  
  
 The Management Committee shall meet, as needed, at the most  
suitable location in U.S.A., Canada or in China depending on the  
circumstances, or may hold any meetings in a manner such that a  
representative or representatives participate(s) by telephone or  
other communications facilities as permit all persons  
participating in the meeting to hear one another. Quorum of the  
Management Committee shall consist of a representative or  
alternative representative of each Party.  
  
 The chairman of the Management Committee shall be Xx. Xxxxx  
Xxxxxx. The chairman shall be responsible for convening meetings  
of the Management Committee at the request of any two members of  
the Management Committee and for preparing the agenda.  
  
 The Parties agree that the Management Committee shall have  
the following responsibilities and that the decisions of the  
Management Committee must be unanimous:  
  
 i) Carrying out follow-up of the Stages and business  
 opportunities  
  
 ii) Preparing a development budget for the Beijing and  
 Tianjin Pilot Projects and the Project as a whole.  
  
 iii) Preparing the division of responsibilities and duties  
 between the Parties for the carrying out of each Pilot Project and  
 deciding on the most appropriate moment for the conversion of the  
 Consortium into a corporate entity (the "Company") or another form  
 agreed upon by the Parties, and negotiating in good faith any  
 "shareholders agreements", "Corporate policies" between them, as  
 well as deciding on the structure of the new Chinese Company.  
  
 iv) Finalizing the conditions of participation of any new  
 enterprise of the Consortium where the Management Committee  
 decides that the participation of the Consortium in the enterprise  
 would be useful.  
  
 v) Represent the Consortium as agent and act in its name with  
 public authorities.  
  
 vi) Negotiate and enter into contracts and leases, notably  
 with firms and professionals providing services for the Project.  
5. BANKING  
  
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 If required by the Management Committee, the Consortium shall  
open a bank account. Two representatives shall share signing  
authority, one from each Party.  
  
6. CONTRIBUTION TO THE CONSORTIUM  
  
 The Parties agree to provide their share of working capital  
as required by the Management Committee, in accordance with their  
respective interests as set out in Section 3.  
  
7. EXPENSES INCURRED  
 Notwithstanding Section 6, expenses incurred by the Parties  
for carrying out Stages 1, 2 and 3 described in Section 1 will be  
borne by the Party having incurred them and neither Party shall be  
liable to the other for the payment of such expenses. Such  
expenses shall include, but not be limited to, travel expenses,  
such as air transportation, hotels, meals, and other such expenses  
incurred attendant to the parties efforts hereunder.  
  
8. DURATION  
  
 This agreement shall come into force on the date it is signed  
by all Parties and shall be terminated upon the occurrence of any  
of the following events:  
  
 a) If one Party becomes insolvent or is adjudged a bankrupt;  
  
 b) If QinNet decides not to continue its participation at any  
point during the stages of the Project and the two (2) Pilot  
Projects (Beijing and Tianjin) or decides not to sign the  
"shareholders agreement" or to adopt the Corporate Policies  
referred to in Section 4 (iii). QinNet and or any of it's  
affiliates employees, consultants, partners or any individual  
related to QinNet shall then not be able to continue the Project  
in China and the two Pilot Projects or claim reimbursement of the  
costs it has incurred. In this case Powernet shall be non-  
exclusive to Qinnet and may choose to continue the Project in  
China and the Pilot Projects either on its own or with another or  
other parties.  
  
 c) Upon the mutual execution of the QinPowernet "shareholders  
agreement" referred to in Section 4 (iii), the terms of which  
shall supersede the terms of this Memorandum of Understanding.  
  
 d) On the 1st of June 2001.  
  
9. CONFIDENTIALITY  
  
 The Parties hereto shall, during and after the term of this  
agreement, keep in strict confidence and consider as proprietary,  
all information of a commercial nature, including business and  
financial information of each Party and agreements and  
arrangements between the Parties  
  
  
  
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(including this agreement) and all information of a technical nature  
provided or disclosed by or to any Party, except such commercial or  
technical information which is in or becomes part of the public domain,  
or which a Party already had in its possession Or as may be compelled  
by any Court of competent jurisdiction over the parties hereto. Any  
disclosure, Press Release, Media coverage or information that is  
to be disseminated publicly requires mutual consent from the  
Parties.  
  
10. RELATIONSHIP OF THE PARTIES  
  
10.1 The Parties agree that this agreement shall only apply to the  
 Project and that each Party shall be and act as an  
 independent contractor. Nothing in this agreement shall be  
 interpreted as authorizing one Party to act as agent of the  
 other Party or to make commitments on behalf of the other  
 Party without first obtaining a written resolution of the  
 Management Committee signed by both Parties.  
  
10.2 Nothing in this agreement shall be interpreted as creating  
 any commitment or continuing relationship between the Parties  
 other than for the Project and for the term to which the  
 Parties have hereby agreed.  
  
11. ASSIGNMENT  
  
 No party shall sell, assign or in any manner transfer, in  
whole or in part, its rights, interests, or obligations herein  
without first obtaining the written consent of the other Party.  
  
12. SUCCESSORS AND ASSIGNS  
  
 This agreement binds the Parties and shall enure to the  
benefit of, and is binding upon the successors and permitted  
assigns of the Parties.  
  
13. NOTICE  
  
 Any notice required to be made hereunder shall be deemed to  
have been properly made if hand-delivered to the Party to whom it  
is addressed, or delivered by registered letter, or to the  
following addresses:  
  
Powernet: 000 Xxxxxxxx Xxxxxx  
  
 Xxxxx 000  
  
 Xxxxx, Xxxxxxx  
  
 X.X.X. 00000  
  
  
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Attention: Xxxxx X. Xxxxxx  
  
QinNet: 000 Xxxxx Xxxxx Xxxxxxxxx, 0xx Xxxxx  
  
 Xxxxxxxx, Xxxxxxxxxx  
  
 X.X.X. 91203  
  
Attention: Weigo Lang, Chairman  
  
14. GOVERNING LAW  
  
 This agreement shall be governed by and interpreted under the  
applicable laws of the State of Delaware.  
  
15. DISPUTE RESOLUTION  
  
 A delay in the completion of any of the Stages or components  
of any Stage contemplated herein shall not constitute a breach of  
this entire Agreement.  
  
 The parties agree that any dispute concerning the formation,  
interpretation, performance or consequences of non-performance of  
this agreement and the second agreement referred to in Section 4  
(iii) that is not resolved by the Chairmen of the Parties shall be  
submitted to mediation. The mediation will be in conformity with  
the Rules respecting commercial mediation of the relevant  
Mediation authority in the US, serving as the advisors in disputes  
and litigation, in force at the time of the dispute. Unless the  
Parties decide otherwise, the mediator shall be chosen from the  
list of professionals of the relevant US Mediation authority  
referred to above. If no agreement is reached in the thirty (30)  
days following the appointment of the mediator, the dispute shall  
be submitted to binding arbitration. The arbitration shall take  
place in Wilmington, Delaware before an arbitrator in conformity  
with the Rules of the American Arbitration Association (AAA) in  
force at the time of the dispute. The arbitration award shall be  
final, enforceable, without appeal, and shall bind the parties  
upon being made.  
  
16. ENTIRE AGREEMENT  
  
This agreement constitutes the entire agreement between the  
Parties. It supersedes all prior written and oral agreements and  
understanding, and may be amended only in writing by the Parties.  
  
17. PREAMBLE  
  
  
  
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The preamble is an integral part of this agreement.  
  
INTENDING TO BE LEGALLY BOUND, the Parties have signed this  
agreement on the 8th day of January, 2001, in Montreal.  
  
POWERNET USA LTD. XXXXXX.xxx Inc.  
  
/s/ Xxxxx X. Xxxxxx /s/ Xxxxxx Xxxx  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Xxxxx X. Xxxxxx Weigo Lang, Chairman  
Witness: /s/ Unknown Witness: /s/ Xxxx Xxxxxxxx  
Witness: