



IQUORUM CYBERNET LIMITED

(Incorporated in Hong Kong with limited liability)

DISCLOSEABLE TRANSACTION

On 12th December, 2001, the Provisional Agreement was entered into between (i) ATL, a wholly-owned subsidiary of the Company and (ii) the Purchaser, pursuant to which the Purchaser agreed to acquire and ATL agreed to sell the Property for a consideration of HK\$65,000,000. The consideration will be paid by the Purchaser in cash. The sole business of ATL is the holding of the Property.

Pursuant to Chapter 14 of the Listing Rules, the value of the Sale exceeds 15% of the net tangible assets of the Group in accordance with its latest audited accounts and therefore constitutes a discloseable transaction for the Company under the Listing Rules and the Company is required to issue a circular to the Shareholders in connection with the Sale.

THE SALE

Date : 12th December 2001

Parties : (i) ATL; and
(ii) the Purchaser.

Transaction

Pursuant to the Provisional Agreement, ATL agreed to sell and the Purchaser agreed to buy the Property.

Consideration

The aggregate consideration payable by the Purchaser shall be HK\$65,000,000 in cash (approximately HK\$6,018 per square feet), of which HK\$1,000,000 was paid as a deposit and part payment of the consideration on the date of the Provisional Agreement, and a further sum of HK\$5,450,000 shall be payable on signing of the Formal Agreement, the remaining balance of the sum of HK\$59,550,000 will be payable on the date of completion of the Sale which is expected to take place on or before 28th January, 2002.

The Property was acquired in 1st September, 2000, when the Company acquired all of the issued share capital of ATL, for an aggregate consideration of HK\$76,982,673. Thus, the Company will make a loss of HK\$11,982,673 from the Sale.

The consideration was determined after arm's length negotiations between the parties with reference to the prevailing marking price for comparable properties. The Board of the Company considered that the consideration price was fair and reasonable so far as the Shareholders are concerned. The Company has not appointed any valuer to do a separate valuation for the Property.

DESCRIPTION OF THE PROPERTY

The Property was previously used for rental to Independent Third Party and it was held for long term investment for the purpose of generation of rental income for the Company. The total gross floor area of the Property is approximately 10,801 square feet and the Property has been vacant since 9th April, 2001.

INFORMATION ABOUT THE COMPANY

The Company is engaged in the business of design, manufacture and marketing of consumer electronic products and the e-commerce business.

REASON FOR THE SALE

The Company had decided to sell the Property because the Board considers the consideration for the Sale as fair and reasonable in the prevailing property market. The Company intends to use the sale proceeds of the Property as to HK\$30,945,580 for repayment of Mortgage and as to HK\$34,054,420 as working capital for the Company.

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DEFINITIONS

"Associates"	has the meaning ascribed thereto in the Listing Rules;
"ATL"	Applied Technology Limited, a limited liability company incorporated in Hong Kong, and a wholly-owned subsidiary of the Company;
"Board"	the board of directors;
"Company"	iQuorum Cybernet Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
"Companies Ordinance"	means the Companies Ordinance (Cap.32 of the Laws of Hong Kong);
"Formal Agreement"	a formal sale and purchase agreement to be signed between ATL and the Purchaser in connection with the Sale;
"Group"	the Company and its Subsidiaries and associated companies;
"Independent Third Parties"	a party not connected with the Company or its Subsidiaries, directors, chief executives and substantial shareholders of the Company and its Subsidiaries and their associates;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Mortgage"	the mortgage and loan in favour of The Agricultural Bank of China with the outstanding amount of HK\$30,945,580 as at 13th December, 2001 in connection with finance of the purchase of the Property;
"Property"	46th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong;
"Provisional Agreement"	a provisional sale and purchase agreement dated 12th December, 2001 entered into between ATL and the Purchaser in connection with the Sale;
"Purchaser"	Wider World Investment, an Independent Third Party;
"Sale"	the sale by ATL and the purchase by the Purchaser of the Property;
"Shareholders"	shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"Subsidiaries"	has the meaning ascribed thereto in accordance with the Companies Ordinance

By Order of the Board
IQUORUM CYBERNET LIMITED
David Chin-Ping Fang
Director