
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **iMerchants Limited** (the “**Company**”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of the Company (the “**Directors**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.



iMerchants Limited **菱控有限公司**

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 8009)

(1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES; (2) PROPOSED RE-ELECTION OF DIRECTORS; AND (3) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company (“**AGM**”) to be held at Pacific Room, 2/F., Hong Kong Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Monday, 12 September 2011 at 11:00 a.m. is set out on pages 14 to 17 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the AGM or any adjournment thereof to the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven (7) days from the date of its publication and on the Company’s website at <http://www.imerchantsltd.com>.

12 August 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Pacific Room, 2/F., Hong Kong Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Monday, 12 September 2011 at 11:00 a.m., a notice of which is set out on pages 14 to 17 of this circular
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	iMerchants Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance and the issued shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM
“Latest Practicable Date”	9 August 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for the inclusion in this circular

DEFINITIONS

“PRC”	the People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase the Shares of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.04 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



iMerchants Limited
菱控有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 8009)

Executive Directors:

Mr. Yau Yan Ming Raymond (*Chairman*)
Mr. Chan Wai Keung
Mr. Yang Bin
Mr. Li Wen Jun
Mr. Wong Ka Chun Carson

Registered office and

principal place of business:
Room 2112, 21/F
Wing On Centre
No. 111 Connaught Road Central
Hong Kong

Independent non-executive Directors:

Mr. Chang Kin Man
Mr. Wu Tak Lung
Mr. Lam Tze Chung

12 August 2011

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the AGM which include, among other resolutions, the approval of the (i) grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (ii) re-election of Directors and to give you notice of the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 30 July 2010, the Directors were granted a general mandate to allot, issue and deal with Shares and a general mandate to purchase Shares on GEM. These mandates will expire at the conclusion of the AGM. At the AGM, among other businesses, separate ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, to grant to the Directors (i) the Issue Mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of such resolution; (ii) the Repurchase Mandate to repurchase Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of such resolution; and (iii) the Extension Mandate to extend the general mandate as set out in (i) above by the amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the general mandate as mentioned in (ii) above.

Each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law of the Companies Ordinance to be held; or (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

As at the Latest Practicable Date, there were 15,675,080,400 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Issue Mandate and Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the AGM, the Directors would be authorised to issue up to 3,135,016,080 new Shares and repurchase 1,567,508,040 Shares under the Issue Mandate and the Repurchase Mandate respectively.

Under the GEM Listing Rules, the Company is required to give to the Shareholders an explanatory statement containing all information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate. The explanatory statement required by the GEM Listing Rules is set out in Appendix I to this circular.

3. RE-ELECTION OF DIRECTOR

In accordance with article 100 of the Article, Mr. Chan Wai Keung will retire at the AGM and, being eligible, will offer themselves for re-election.

In accordance with article 120 of the Article, Mr. Yau Yan Ming Raymond, Mr. Yang Bin and Mr. Wong Ka Chun Carson will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election.

Particulars relating to Mr. Chan Wai Keung, Mr. Yau Yan Ming Raymond, Mr. Yang Bin and Mr. Wong Ka Chun Carson are set out in Appendix II to the circular.

LETTER FROM THE BOARD

4. AGM

The notice of the AGM is set out on pages 14 to 17 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

At the AGM, resolutions will be proposed to approve, among other matters, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Directors and the re-election of the Directors.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the shareholders at a general meeting of the Company must be taken by poll. Accordingly, all the resolutions to be considered and, if thought fit, approved at the AGM will be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

Whether or not you are able to attend the AGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time of the AGM or any adjournment thereof to the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

5. RECOMMENDATION

The Directors are of the opinion that the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the re-election of retiring Directors referred to in this circular are in the best interests of the Company and the Shareholders and recommend you to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board
iMerchants Limited
Yau Yan Ming Raymond
Chairman

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.

1. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were 15,675,080,400 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the AGM, the Directors would be authorised to repurchase 1,567,508,040 Shares under the Repurchase Mandate respectively.

3. REASONS FOR THE REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with its Articles, the GEM Listing Rules and the Companies Ordinance. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. The Companies Ordinance provides that a share repurchase may only be made out of the distributable profits of the Company and/or the proceeds of a new issue of Shares.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2011, being the date of its latest published audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**"). As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, so far as is known to the Directors, the shareholding interests in the Company of the substantial Shareholders (within the meaning of the GEM Listing Rules) are as follows:

Name	Number of Shares held	Approximate %
Bonus Raider Investments Limited	2,406,117,500	15.35

Note: The above table only shows the beneficial owner of the Shares. Identity of the controller of such substantial Shareholder is not shown.

Assuming that there would not be any change in the issued share capital of the Company prior to the repurchase of Shares and that the above substantial Shareholder would not dispose of its Shares nor acquire additional Shares prior to any repurchase of Shares, if the Repurchase Mandate were exercised in full, the percentage shareholding of the above substantial Shareholder would be increased as follows:

Name	Approximate % after the exercise of Repurchase Mandate in full
Bonus Raider Investments Limited	17.06

The Directors are not aware of any consequences which may arise under the Takeovers Code as consequences of any repurchase made under the Repurchase Mandate and have no intention to exercise the Repurchase Mandate to an extent as may result in the amount of the Shares held by public below 15% of the total issued share capital of the Company.

As at the Latest Practicable Date, the Directors have no intention to exercise any of the Repurchase Mandate.

6. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 calendar months immediately preceding (and including) the Latest Practicable Date are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
September	0.246	0.145
October	0.154	0.076
November	0.126	0.088
December	0.106	0.088
2011		
January	0.098	0.034
February	0.055	0.029
March	0.036	0.025
April	0.035	0.026
May	0.031	0.024
June	0.026	0.017
July	Suspended	Suspended
August (up to the Latest Practicable Date)	0.016	0.010

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

8. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the GEM Listing Rules, the Articles, the Companies Ordinance and any other applicable laws of Hong Kong.

As at the Latest Practicable Date and to the best of the knowledge of the Directors who have made all reasonable enquiries, none of the Directors nor their respective associates (as defined in the GEM Listing Rules) has any present intention, in the event that the resolution relating to the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company or has undertaken not to do so.

9. CONNECTED PERSONS

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any of their Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders at the AGM.

Details of the Directors who will retire from their office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

MR. CHAN WAI KEUNG (“MR. CHAN”), AGED 57, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Qualification and experience

Mr. Chan, aged 57, has over 30 years of experience in the operation and development of business, china trade, international trade and venture capital etc. Mr. Chan was a member of Hong Kong New Territory Lions Club International from 1986 to 2001, and was also the committee member of the People’s Political Consultation Committee of Longguang, Shenzhen, the PRC.

Mr. Chan is currently a non-executive director of Birmingham International Holdings Limited (stock code: 2309), a company listed on the Main Board of the Stock Exchange. Mr. Chan is also currently a director of China Trend Investments Limited. Mr. Chan was the chairman, chief executive officer and executive director of China Energy Development Holdings Limited (stock code: 228) and resigned on 1 October 2009. Mr. Chan was also the chief executive office and executive director of UURG Corporation Limited (stock code: 8192) and resigned on 6 May 2010. Save as disclosed above, Mr. Chan had not held any directorship in public listed companies or other major appointment in the past three years.

Interests in Shares

As at the Latest Practicable Date, Mr. Chan did not have any interests in the Shares within the meaning of Part XV of the SFO.

Relationships

Mr. Chan is not connected with other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders except for his co-directorships with Mr. Yau Yan Ming Raymond, the chairman of the Company and executive Director, in Birmingham International Holdings Limited (stock code: 2309), which is listed on the Stock Exchange.

Director’s emoluments

The remuneration in connection with Mr. Chan’s position as an executive Director is HK\$45,000 per month currently with double pay and discretionary bonus which was determined by the remuneration committee of the Company with reference to his duties and responsibilities in the Company and the market benchmark.

Others

On 15 March 1994, a winding-up order against Cheer Empire Investments Limited (“**Cheer Empire**”) involving the claimed amount of HK\$3 million was filed with the Companies Register of Hong Kong at the time when Mr. Chan was a director of Cheer Empire. Cheer Empire was dissolved subsequently by compulsory winding-up on 23 February 1997. On 8 May 1996, a winding-up order against Kongo International Limited (“**Kongo International**”) involving the claimed amount of HK\$7 million was filed with the Companies Register of Hong Kong at the time when Mr. Chan was a director of Kongo International. Kongo International was dissolved subsequently on 15 November 2000.

Mr. Chan has not been appointed for a specific term. He is subject to retirement by rotation and re-election at annual general meetings of the Company in line with the Articles.

There is no information relating to Mr. Chan that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

MR. YAU YAN MING RAYMOND (“MR. YAU”), AGED 43, THE CHAIRMAN AND EXECUTIVE DIRECTOR**Qualification and experience**

Mr. Yau joined the Group on 13 March 2008. He has over 15 years of work experience in auditing, accounting, taxation, company secretarial, corporate finance and financial management, in both private and listed companies. Mr. Yau is an associate member of both the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Mr. Yau is also a fellow member of the Taxation Institute of Hong Kong. He is currently an independent non-executive director of Willie International Holdings Limited (stock code: 273) and Birmingham International Holdings Limited (stock code: 2309), both of which are listed on the main board of the Stock Exchange. Mr. Yau holds a master degree in Science majoring in Japanese business studies and bachelor degree in Business Administration majoring in accounting in the United States of America.

Save as disclosed above, Mr. Yau did not hold any directorship in other listed companies in the past three years.

Interests in Shares

As at the Latest Practicable Date, Mr. Yau did not have any interests in the Shares within the meaning of Part XV of the SFO.

Relationships

Mr. Yau is not connected with any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders except for his co-directorship with Mr. Chan Wai Keung, the chief executive officer and executive Director, in Birmingham International Holdings Limited (stock code: 2309), a company listed on the Main Board of the Stock Exchange.

Director's emoluments

The remuneration in connection with Mr. Yau's position as an executive Director is HK\$45,000 per month currently with double pay and discretionary bonus (subject to review) which was determined by the remuneration committee of the Company with reference to his duties and responsibilities in the Company and the market benchmark.

Others

Mr. Yau has not been appointed for a specific term. He is subject to retirement by rotation and re-election at annual general meetings of the Company in line with the Articles.

There is no information relating to Mr. Yau that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

MR. YANG BIN ("MR. YANG"), AGED 37, EXECUTIVE DIRECTOR**Qualification and experience**

Mr. Yang joined the Group on 13 March 2008. He was graduated from the college of Jiu-jiang, Jiangxi Province, the People's Republic of China (the "PRC"). He has also completed his studies in Economy Administration in Distance Learning College of The Party School of the Central Committee of the Communist Party of China. Mr. Yang has over 10 years of experience in marketing and management of the water supply industry in the PRC. He is currently an executive director of China Water Industry Group Limited (stock code: 1129), which is listed on the main board of the Stock Exchange.

Save as disclosed above, Mr. Yang did not hold any directorship in other listed companies in the past three years.

Interests in Shares

As at the Latest Practicable Date, Mr. Yang did not have any interests in the Shares within the meaning of Part XV of the SFO.

Relationships

Mr. Yang is not connected with any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders except for the co-directorship with Mr. Li Wen Jun, the executive Director and Mr. Chang Kin Man and Mr. Wu Tak Lung, the independent non-executive Directors, in China Water Industry Group Limited (stock code: 1129), which is listed on the main board of the Stock Exchange.

Director's emoluments

The remuneration in connection with Mr. Yang's position as an executive Director is HK\$45,000 per month currently with double pay and discretionary bonus (subject to review) which was determined by the remuneration committee of the Company with reference to his duties and responsibilities in the Company and the market benchmark.

Others

Mr. Yang has not been appointed for a specific term. He is subject to retirement by rotation and re-election at annual general meetings of the Company in line with the Articles.

There is no information relating to Mr. Yang that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

MR. WONG KA CHUN CARSON ("MR. WONG"), AGED 33, EXECUTIVE DIRECTOR**Qualification and experience**

Mr. Wong is a member of the American Institute of Certified Public Accountants. He graduated from Simon Fraser University with a Bachelor's degree in Economics and a Diploma in Financial Management from British Columbia Institution of Technology. He had substantial experience in auditing and financial analytical experience in a multi-national corporation.

Save as disclosed above, Mr. Wong did not hold any directorship in other listed companies in the past three years.

Interests in Shares

As at the Latest Practicable Date, Mr. Wong did not have any interests in the Shares within the meaning of Part XV of the SFO.

Relationships

Mr. Wong has no relationship with any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders.

Director's emoluments

The remuneration in connection with Mr. Wong's position as an executive Director is HK\$30,000 per month currently with double pay and discretionary bonus (subject to review) which was determined by the remuneration committee of the Company with reference to his duties and responsibilities in the Company and the market benchmark.

Others

Mr. Wong has not been appointed for a specific term. He is subject to retirement by rotation and re-election at annual general meetings of the Company in line with the Articles.

There is no information relating to Mr. Wong that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

NOTICE OF AGM



iMerchants Limited **菱控有限公司**

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 8009)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of iMerchants Limited (the “**Company**”) will be held at Pacific Room, 2/F., Hong Kong Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Monday, 12 September 2011 at 11:00 a.m. to consider and, if thought fit, transact the following ordinary businesses:

1. to receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “**Directors**”) of the Company and the Company’s auditors for the year ended 31 March 2011;
2. to consider the re-election of the retiring Directors, each as a separate resolution, and to authorise the board (the “**Board**”) of Directors to fix the Directors’ remuneration;
3. To consider the re-appointment of Messrs. SHINEWING (HK) CPA LIMITED as the Company’s auditors and to authorise the Board to fix their remuneration;

and as special businesses, to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

4. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.04 each (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the GEM Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any other applicable laws of Hong Kong to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution; and

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

NOTICE OF AGM

5. To, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and any other applicable laws of Hong Kong in this regard, be and the same is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined below) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
 - (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Ordinance or any other applicable laws of Hong Kong to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. **“THAT** conditional on the passing of resolutions numbered 4 and 5 above, the general mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 4 above be and is hereby extended by the addition to the aggregate nominal amount of the shares which may be allotted or agreed conditionally or unconditionally to be allotted

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by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”

By order of the Board
iMerchants Limited
Yau Yan Ming Raymond
Chairman

Hong Kong, 12 August 2011

As at the date hereof, the board comprised the following Directors:

Executive Directors:

Mr. Yau Yan Ming Raymond
Mr. Chan Wai Keung
Mr. Yang Bin
Mr. Li Wen Jun
Mr. Wong Ka Chun Carson

Independent non-executive Directors:

Mr. Chang Kin Man
Mr. Wu Tak Lung
Mr. Lam Tze Chung

Registered office and principal place of business:

Room 2112, 21/F., Wing On Centre, No. 111 Connaught Road Central, Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the annual general meeting is enclosed here with. Such form of proxy is also published on the GEM website at www.hkgem.com. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the annual general meeting or any adjournment thereof, should he/she/it so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the annual general meeting, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the annual general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.