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iMerchants Limited

菱控有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8009)

**DISCLOSEABLE TRANSACTION
RELATING TO THE PROVISION OF LOAN**

The Board announces that on 1 May, 2010, the Lender, a subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to extend to the Borrower a loan facility in the amount up to HK\$2,000,000 for a term of up to 12 months.

As the relevant Percentage Ratio in respect of the making of the Loan when aggregated with the interest accrued thereon and the Previous Loans is more than 5% but below 25%, the entering into of the Loan Agreement had constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. An announcement should have been made at the time shortly after the entering into of the Loan Agreement but due to an oversight of the Board in failing to include the interest component of the Loan into the calculation of the revenue size test, an announcement was not made in compliance with the GEM Listing Rules. If the interest component had been included as part of the revenue in the relevant size test, the revenue size would be 5.04% and therefore exceed the 5% threshold for discloseable transaction.

THE LOAN AGREEMENT

Date: 1 May 2010

Lender: iMerchants Asia Limited, a company incorporated in British Virgins Isalnds and a subsidiary of the Company

Borrower: SMI Publishing Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Growth Enterprise Market

Principal Amount: up to Hong Kong Dollars Two Million only(HK\$2,000,000)

Term: 12 months from the drawdown date

Interest: 1% per annum on the principal amount of the Loan

DETAILS OF THE PREVIOUS LOANS

(1)

Date: 7 October 2009 (as supplemented by a supplemental agreement of the even date)

Lender: iMerchants Asia Limited, a company incorporated in British Virgins Islands and a subsidiary of the Company

Borrower: SMI Publishing Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Growth Enterprise Market

Principal Amount: up to Hong Kong Dollars Two Million and Five Hundred Thousand only(HK\$2,500,000)

Term: 12 months from the drawdown date

Interest: 0.5% per annum on the principal amount of the Loan

(2)

Date: 1 April 2010

Lender: iMerchants Asia Limited, a company incorporated in British Virgins Islands and a subsidiary of the Company

Borrower: SMI Publishing Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Growth Enterprise Market

Principal Amount: up to Hong Kong Dollars Five Million Thousand only (HK\$5,000,000)

Term: 12 months from the drawdown date

Interest: 1% per annum on the principal amount of the Loan

INFORMATION ON THE GROUP

The Company is an investment holding company and the Group is principally engaged in provision of management service, investment in financial and investment products and manufacture and trading of ceramic sewage products.

INFORMATION ON THE BORROWER

The Borrower is principally engaged in publication of newspapers, magazines and books.

REASONS FOR PROVISION OF THE LOAN

The Company, through the Lender, made the Loan to the Borrower at the relevant time because the Company had surplus cash balance and considered the Borrower to be a reputable, renowned and influential newspaper in Hong Kong. The Board considered the making of the Loan was a valuable opportunity to establish a sound relationship with a potential business partner.

REASONS FOR THE IMPAIRMENT

The Borrower was introduced to the Company by Mr. Yeung Ka Sing, Carson, a creditor of the Borrower and the guarantor of the Loan. As the Borrower is a renowned and influential news media in Hong Kong with over 70 years of history and the owner of a newspaper called Sing Pao, and the guarantor is Mr. Yeung Ka Sing, Carson, a person of public status, this had provided confidence to the Lender to enter into the Loan with the Borrower. However, since the incident involving Mr. Yeung Ka Sing, Carson where he is alleged to have dealt in property known or believes to be from an indictable offence, the Group reconsidered the terms of the Loan and the security provided therefor and determined the making of an impairment to be prudent.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant Percentage Ratio in respect of the making of the Loan when aggregated with the interest accrued thereon and the Previous Loans is more than 5% but below 25%, the entering into of the Loan Agreement had constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. If the interest component had been included as part of the revenue in the relevant size test, the revenue size would be 5.04% and therefore exceed the 5% threshold for discloseable transaction.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“Borrower”	SMI Publishing Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
“Company”	iMerchants Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the GEM Board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the listing of securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s) is/are person independent of the Company and its connected person
“Lender”	iMerchants Asia Limited, a company incorporated in Hong Kong and a subsidiary of the Company
“Loan”	a loan facility of HK\$2,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 1 May, 2010 entered into between the Lender and the Borrower relating to the granting of the Loan
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 19.07 of the Listing Rules to be applied for determining the classification of a transaction

“Previous Loans”	(i) a loan facility of up to 2,500,000 granted by the Lender to the Borrower pursuant to a loan agreement dated 7 October, 2009 as supplemented by supplemental agreement of the even date; and (ii) a loan facility of up to HK\$5,000,000 granted by the Lender to the Borrower pursuant to a loan agreement dated 1 April, 2010
“Share(s)”	ordinary share(s) of HK\$0.04 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 3 October 2011

As at the date of this announcement, the executive Directors are Mr. Yau Yan Ming Raymond, Mr. Zha Jian Ping, Ms. Qi Yue, and Mr. Wong Ka Chun Carson; and the independent non-executive Directors are Mr. Wu Tak Lung and Mr. Lam Tze Chung.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days of its publication and on the websites of the Company at <http://www.imerchantsltd.com>.