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**iMerchants Limited**  
**菱控有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 8009)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of iMerchants Limited (the “**Company**”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 12 December 2011 at 11 a.m. for the purposes of considering and, if thought fit, (with or without amendments) passing the following resolutions:

**SPECIAL RESOLUTION**

- (1) “**THAT** conditional upon (i) granting of an order by the Court pursuant to the Companies Ordinance (Cap. 32) for the purpose of confirming the Capital Reduction (as defined below) and registration of the Confirming Order and the minute of this meeting by the Companies Registrar in respect of the Capital Reduction and compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction; and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, shares of HK\$0.1 each in the issued share capital of the Company:–
- (a) the authorised share capital of the Company be reduced from (1) HK\$1,200,000,000 divided into 30,000,000,000 ordinary shares of HK\$0.04 each to HK\$120,000,000 divided into 30,000,000,000 ordinary shares of HK\$0.004 each and (2) from HK\$800,000,000 divided into 20,000,000,000 preference shares of HK\$0.04 each to HK\$80,000,000 divided into 20,000,000,000 preference shares of HK\$0.004 each and that such reduction be effected by cancelling HK\$0.036 of the paid up capital on each issued share of HK\$0.04 and reducing the nominal value of each issued or unissued share in the capital of the Company from HK\$0.04 per share to HK\$0.004 per share (the “**Capital Reduction**”);
- (b) every twenty five shares in the share capital of the Company of HK\$0.004 each be consolidated into one share of HK\$0.10 each (“**Adjusted Share**”) and any fraction of the Adjusted Shares arising from the share consolidation shall not be allocated to any holders of shares of the Company otherwise entitled thereto but such fractions shall be aggregated and be sold for the benefit of the Company (“**Share Consolidation**”);

- (c) the credit arising from the Capital Reduction be used to set off against the audited balance in the accumulated losses account as at the latest audited account of the Company (if any) and the balance be credited to the share premium account or such reserve as the Court may direct;
- (d) all of the Adjusted Shares resulting from the Capital Reduction and Share Consolidation shall rank pari passu in all respects with each other and while the rights and privileges be subject to the restrictions contained in the Articles of Association of the Company;
- (e) the Directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement the Capital Reduction, Share Consolidation and application of credit arising from the Capital Reduction;
- (f) Subject to the Capital Reduction, Share Consolidation and Increase in the Authorised Capital (as defined below) taking effect, the Memorandum and Articles of Association of the Company (the “**Memorandum and Articles of Association**”) be and are hereby amended as follows:
  - (i) By deleting the existing Clause 5 of the Memorandum of Association of the Company and replacing it with the following:

“The authorised share capital of the Company is HK\$1,500,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.10 each and 5,000,000,000 convertible preference shares of HK\$0.10 each.”
  - (ii) By deleting the existing Article 3 of the Articles of Association of the Company and replacing it with the following:

“The authorised share capital of the Company is HK\$1,500,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.10 each and 5,000,000,000 convertible preference shares of HK\$0.10 each.”
  - (iii) By deleting the word “HK\$0.04” in Clause 5.1 of Appendix I to the Articles of Association of the Company and replacing it by the word “HK\$0.10”.
- (g) the amended and restated Memorandum and Articles of Association in the form of the document marked “A” and produced to the meeting and for the purpose of identification signed by the chairman of the meeting, which consolidates and incorporates all of the proposed amendments referred to above and all previous amendments made pursuant to resolutions passed by the shareholders of the Company in general meetings be approved and adopted in substitution for and to the exclusion of the existing Memorandum and Articles of Association, and any Director or a person duly authorised by the Board be authorised to execute all documents, instruments and to do all such acts and deeds as he may deem necessary or desirable for or in connection with the adoption of the amended and restated Memorandum and Articles of Association.”

## ORDINARY RESOLUTION

- (2) “**THAT** conditional upon the Capital Reduction and Share Consolidation becoming effective, the authorised share capital of the Company be increased (1) from HK\$120,000,000 divided into 1,200,000,000 ordinary Adjusted Shares to HK\$1,000,000,000 divided into 10,000,000,000 ordinary Adjusted Shares by the creation of an additional 8,800,000,000 ordinary Adjusted Shares and (2) from HK\$80,000,000 divided into 800,000,000 preference Adjusted Shares to HK\$500,000,000 divided into 5,000,000,000 preference Adjusted Shares by the creation of an additional 4,200,000,000 preference Adjusted Shares, and that each such Adjusted Share, upon issue, shall rank pari passu in all respects with the existing issued Adjusted Shares (the “**Increase in the Authorised Capital**”) and that the Directors of the Company be and are hereby authorised to do all things and acts and sign all documents which they consider necessary, desirable, or expedient in connection with the implementation of the Increase in the Authorised Capital.”
- (3) “**THAT** with effect from the close of business of the day on which this resolution is passed, the existing share option scheme, namely 2002 Share Option Scheme (“**2002 Share Option Scheme**”) adopted by the Company on 2 August 2002 be and is hereby terminated and cease to have any further effect save and except that the 2002 Share Option Scheme will remain in full force and effective to the extent necessary to give effect to the exercise of the option(s) granted thereunder prior to the termination thereof, if any.”
- (4) “**THAT** subject to the passing of the resolution (3) and The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, shares to be issued under the rules of the new share option scheme (“**New Share Option Scheme**”), a copy of which having been produced to the meeting marked “B” and for the purpose of identification signed by the Chairman, the New Share Option Scheme be and are hereby approved and adopted to be the share option scheme of the Company and that the Directors of the Company be and are hereby authorised to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected by The Stock Exchange of Hong Kong Limited, and at their absolute discretion to grant options to subscribe for shares of the Company thereunder and to allot, issue and deal with the shares of the Company pursuant to the exercise of options granted under the New Share Option Scheme and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the New Share Option Scheme.”

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

Hong Kong, 17 November 2011

*Notes:*

1. Any shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies (if the member is a holder of two or more shares) to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders is present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be duly lodged at the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
4. The register of members of the Company will be closed from Friday, 9 December 2011 to Monday, 12 December 2011, both days inclusive, during which no transfer of Shares will be registered. For the purpose of determining the entitlement to vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 8 December 2011.
5. Completion and return of a form of proxy will not preclude a Shareholder from attending in person and voting at the above meeting or any adjournment thereof, should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

*As at the date hereof, the Board consists of four executive Directors, namely Mr. Yau Yan Ming Raymond, Mr. Zha Jian Ping, Ms. Qi Yue and Mr. Wong Ka Chun Carson, and two independent non-executive Directors, namely Mr. Wu Tak Lung and Mr. Lam Tze Chung.*

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