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iMerchants Limited

菱控有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8009)

**(1) TERMINATION OF CONNECTED TRANSACTION, SPECIAL DEAL,
RELATING TO THE ASSIGNMENT OF TRADEMARKS,
(2) SUPPLEMENTAL AGREEMENT TO
CONNECTED TRANSACTION, SPECIAL DEAL,
RELATING TO THE DISPOSAL
AND
(3) FURTHER DELAY IN DESPATCH OF CIRCULAR
IN RELATION TO
DISCLOSEABLE AND
CONNECTED TRANSACTION,
SPECIAL DEAL**

Termination Deed

On 28 January 2008, the Termination Deed was entered into by iMerchants and IHK to terminate the Trademarks Assignment Agreement. Pursuant to the Trademarks Assignment Agreement, iMerchants had conditionally agreed to assign to IHK the Trademarks at a nominal consideration of HK\$1. The termination of the Trademarks Assignment Agreement took immediate effect upon execution of the Termination Deed.

Supplemental Agreement

On 28 January 2008, iMerchants and IHK entered into a supplemental agreement to the Disposal Agreement (the "Supplemental Agreement"), pursuant to which, two of the Disposal Assets have been excluded from the Disposal, and the Excluded Assets will not be disposed of to IHK. Pursuant to the Supplemental Agreement, the total consideration for the Disposal (as amended) has also been reduced from HK\$52,262,350 to HK\$39,395,423.

Further delay in despatch of the Circular

As a result of the above amendment to the Disposal and termination of the Assignment, additional time is required to update the Circular. Accordingly, the iMerchants Directors wish to inform the shareholders of iMerchants that the despatch of the Circular will be further postponed from 28 January 2008 to on or before 4 February 2008.

Reference is made to the joint announcement made by iMerchants Limited (“iMerchants”), China Water Industry Group Limited and Bonus Raider Investments Limited dated 12 December 2007 (the “Joint Announcement”) and the announcement of iMerchants dated 2 January 2008 (the “Delay Announcement”) in relation to, among other things, the discloseable and connected transactions of iMerchants. Capitalised terms used in this announcement have the same meanings as those defined in the Joint Announcement, unless the contexts require otherwise.

The Termination Deed

On 3 December 2007, iMerchants and IHK entered into the Trademarks Assignment Agreement whereby iMerchants had conditionally agreed to assign to IHK the Trademarks at a nominal consideration of HK\$1. Details of the Trademarks Assignment Agreement were set out in the Joint Announcement.

On 28 January 2008, iMerchants and IHK entered into a deed of termination (the “Termination Deed”) whereby iMerchants and IHK terminated the Trademarks Assignment Agreement with immediate effect so that it shall become null and void and cease to have any further effect. Each party were released and discharged from any and all duties, claims, obligations or liabilities whatsoever to or against the other party under or in respect of the Trademarks Assignment Agreement.

This announcement is made pursuant to Rule 19.36 of the GEM Listing Rules.

The Supplemental Agreement

On 3 December 2007, iMerchants and IHK entered into the Disposal Agreement whereby iMerchants had conditionally agreed to sell, and IHK had conditionally agreed to purchase, the Disposal Assets at total consideration of HK\$52,262,350. Details of the Disposal Agreement were set out in the Joint Announcement.

On 28 January 2008, iMerchants and IHK entered into a supplemental agreement to the Disposal Agreement (the “Supplemental Agreement”), pursuant to which two of the Disposal Assets (the “Excluded Assets”), which are identified as the investment in a structured note on equities in Japan and the investment in a structured product on foreign currencies in the Joint Announcement, were excluded from the Disposal. The Excluded Assets will not be disposed of to IHK.

Pursuant to the Supplemental Agreement, total consideration for the Disposal (as amended) has also been reduced from HK\$52,262,350 to HK\$39,395,423. As disclosed in the Joint Announcement, the consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Disposal Agreement with reference to the most recent values as shown in the statements of the financial institutions which act as the custodians, and/or book value of the Disposal Assets. The revised consideration under the Supplemental Agreement was made with reference to the most recent values as shown in the statements of the financial institutions which act as the custodians, and/or book value of the remaining Disposal Assets other than the Excluded Assets.

Save for the amendments as mentioned above, all other terms of the Disposal Agreement shall remain unchanged.

Reasons for the entering into of the Termination Deed and the Supplemental Agreement

The entering into of the Termination Deed and the Supplemental Agreement was proposed by IHK, after considering the recent market sentiments, the iMerchants Directors consider it is reasonable to enter into the Termination Deed and the Supplemental Agreement.

Further delay in despatch of the Circular

Pursuant to Rules 19.38 and 20.49 of the GEM Listing Rules, iMerchants is required to despatch a circular in relation to, among other things, the Disposal and the Assignment (the "**Circular**") to its shareholders within 21 days after publication of the Joint Announcement, which is on or before 2 January 2008. As set out in the Delay Announcement, the despatch of the Circular has been postponed to on or before 28 January 2008. Given that the terms of the Disposal have been amended and the Assignment has been terminated, additional time is required to update the information in the Circular. In view of the above, iMerchants has applied to the Stock Exchange for a waiver from strict compliance with Rules 19.38 and 20.49 of the GEM Listing Rules to postpone the date for despatch of the Circular to its shareholders to on or before 4 February 2008.

By order of the Board
iMerchants Limited
Leroy Kung Lin Yuen
Chairman

Hong Kong, 28 January 2008

This announcement, for which the directors of iMerchants 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 iMerchants Group. The directors of iMerchants jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board comprises of (i) two executive Directors, namely Mr. Leroy Kung Lin Yuen and Ms. Lena Foo; and (ii) three independent non-executive Directors, namely Mr. Ronny Chow Fan Chim, Mr. Matthew P. Johnston and Mr. Tony Lo Tung Sing.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days of its publication and on the websites of the Company at www.imerchants.com.