



Excalibur Securities Ltd.
Exchange Participant of SEHK (5400)
駿溢証券有限公司
香港聯合交易所有限公司交易所參與者(5400)

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CE No. ABM 401

21 February 2008

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
EXCALIBUR SECURITIES LIMITED
ON BEHALF OF
BONUS RAIDER INVESTMENTS LIMITED
FOR ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY
BONUS RAIDER INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT) IN, AND
FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF,
iMERCHANTS LIMITED**

INTRODUCTION

On 1 December 2007, Bonus Raider Investments Limited, being the Offeror, entered into the Agreement with the Vendor and the Guarantor, pursuant to which the Offeror conditionally agreed to acquire from the Vendor the Sale Shares at an aggregate consideration of HK\$198,021,340. The Sale Shares represented approximately 67.32% of the entire issued share capital of the Company as at the Latest Practicable Date. The Agreement was completed on 14 February 2008.

As a result of the Completion, the Offeror and parties acting in concert with it became interested in an aggregate of 76,246,100 Shares, representing approximately 67.32% of the entire issued share capital of the Company as at the Latest Practicable Date. In compliance with Rule 26 of the Takeovers Code, the Offeror will upon Completion be required to make an unconditional mandatory cash offer for all the Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to make a comparable offer for all the Options in compliance with Rule 13 of the Takeovers Code.

This letter sets out details of the terms of the Offers, together with the information on the Offeror and the intentions of the Offeror regarding the future of the Group. Further details of the terms of the Offers are set out in Appendix I to this document and in the accompanying Forms of Acceptance.

UNCONDITIONAL MANDATORY CASH OFFERS

Principal terms of the Offer

Excalibur, on behalf of the Offeror and parties acting in concert with it, makes the Offer in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Share HK\$2.60 in cash

The Shares to be acquired under the Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date hereof, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of the Joint Announcement.

The Option Offer

**For cancellation of each Option carrying right to
subscribe for one Share HK\$0.01 in cash**

Pursuant to the share option schemes of the Company, as at the Latest Practicable Date, the Company has granted Options to its employees entitling them to subscribe for an aggregate of 297,000 Shares at an exercise price of HK\$14.80 per Share and 297,000 Shares at an exercise price of HK\$5.30 per Share. By accepting the Option Offer, the Optionholders will give up the subscription rights attached to the Options and surrender the Options for cancellation. Save as disclosed above, as at the Latest Practicable Date, the Company did not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Basis of the Share Offer Price and Option Offer Price

The Share Offer Price was determined by rounding up the consideration payable by the Offeror for each Sale Share under the Agreement.

As the exercise price of the Options is substantially higher than the Share Offer Price, the Options are currently “out of money” and therefore, the Option Offer Price is set at a nominal value of HK\$0.01 per Option.

Comparison of value

The Share Offer Price of HK\$2.60 per Share represents:

- (i) a premium of approximately 36.84% to the closing price of HK\$1.90 per Share as quoted on the Stock Exchange on the Last Trading Day;