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Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	THE STYLE MERCHANTS LIMITED
Company Registration No.	N.A.
Announcement submitted on behalf of	THE STYLE MERCHANTS LIMITED
Announcement is submitted with respect to *	THE STYLE MERCHANTS LIMITED
Announcement is submitted by *	Michael Ng Lai Yick
Designation *	Executive Chairman
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>> Announcement Details
The details of the announcement start here ...

Announcement Title * QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL/UPDATE ON USE OF PROCEEDS

Description Please see attached.

Attachments
 [QuarterlyUpdate-020311.pdf](#)
 Total size = **23K**
 (2048K size limit recommended)

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THE STYLE MERCHANTS LIMITED

(Company Registration No. 27671)
(Incorporated in Bermuda)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL/UPDATE ON USE OF PROCEEDS

On 3 June 2009, The Style Merchants Limited (the "Company") was placed on the watch-list pursuant to SGX-ST's Listing Rule 1311.

Pursuant to SGX-ST's Listing Rule 1313(2), the Board of Directors of the Company wishes to provide the following updates for the third quarter ended 31 December 2010 ("3Q FY2011").

Update on Financial Position

For 3Q FY2011, the Group recorded an unaudited net loss after tax of US\$1.5 million compared to a net loss after tax of US\$0.55 million of the previous corresponding period ("3Q FY2010").

The variance in bottom line was attributable mainly to the net effect of:

- Increase in gross profit from US\$0.26 million (3Q FY2010) to US\$1.05 million (3Q FY2011) as a result of increase in turnover of the Gaming Operation from US\$0.51 million (3Q FY2010) to US\$0.66 million (3Q FY2011), as well as an additional contribution of US\$0.67 million from the Fashion Retail division; and
- A 205% increase in the total administrative and other operating expenses of the Group from US\$0.80 million (3Q FY2010) to US\$2.44 million (3Q FY 2011). The increase was attributable mainly to the Fashion Retail division acquired in May 2010. Out of the total expenses of Fashion Retail division, around US\$0.5 million were marketing expenses.

Update on Use of Proceeds from the Placement and Non-Renounceable Non-Underwritten Rights Issue

Out of the total proceeds of approximately S\$10 million raised from the placement of 30 million ordinary shares and issue of 651.3 million of Rights Shares in February and June 2010 respectively, the Group has deployed approximately US\$4.1 million and US\$0.6 million as working capital and leasehold improvement for setting up new retail shops respectively.

There has been no variance in the Company's disclosure of its intended use of proceeds from the above Placement and Rights Share to-date.

Update on Future Direction

As announced on 14 January 2011, the Company had entered into a conditional sale and purchase agreement with Marvel Day Enterprises Limited (the "Purchaser"). Under the SPA, the Purchaser will purchase 3,000,000 ordinary shares in the capital of Netelusion (Hong Kong) Limited ("NL"), representing all of the issued shares in the capital of NL, at a consideration of US\$250,000 ("the Disposal").

As the Disposal constitutes a major transaction by the Company under Chapter 10 of the SGX-ST's Listing Manual, the Company will be seeking shareholders' approval for the Disposal. A circular relating to the Disposal will be dispatched to shareholders soon.

The Company will continue to concentrate, explore and pursue any investments opportunities in the Fashion Retailing division to enhance shareholders' value.

BY ORDER OF THE BOARD
The Style Merchants Limited

Michael Ng Lai Yick
Executive Chairman

2 March 2011