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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 *	IR PRESENTATION SLIDES
Description	Please see attached.
<b>Attachments</b>	 <a href="#">StyleMerchants-IRpresentation-130710.pdf</a> Total size = <b>705K</b> (2048K size limit recommended)

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# THE STYLE MERCHANTS LIMITED

**Sam Lin**

Executive Director

IR Presentation

July 2010



- ◆ Formerly known as Netelusion Ltd, an IT service provider and online gaming company
- ◆ Acquired Retail Resources Management, a retailer of women's apparel in China, in June 2010; name changed to Style Merchants to reflect new strategic direction and expertise
- ◆ Strategy to operate multiple-brand fashion portfolio in China and Southeast Asia
- ◆ the Carnaby footprint:
  - ◆ 19 stores - 5 in department stores, 3 standalone, 11 franchisee stores
  - ◆ Stores mainly in Beijing and East China



## Founders are seasoned operators with extensive business experience in Mainland China

### Michael Ng Chairman

- *Extensive operational experience in China*
- *Prior to founding Group, co-founded Lenovo Group and Asia Online., an ISP in Asia*
- *Invested in a number of tech companies in China before forming NeteLusion in HK in 1999*
- *Bachelor's Degree in Computing Science from Imperial College, UK*

### Sam Lin Executive Director

- *Co-founder of RRM. Over 25 years of experience launching & managing businesses*
- *Began career in IT in 1983. Founded retail reseller of PCs, PCPlus. Sold to Swire Group in 1986*
- *Co founder of Asia Online*
- *Set up One Media Planet in Beijing, a consumer mobile media company, & Bonity Property Brokerage in Shanghai. Former was acquired by DMX in 2009 while latter was sold to Century 21 in 2005*
- *Managing Partner of Asia Capitol Limited, private equity syndication company focusing on Chinese consumer market*

**Founders are seasoned operators with extensive business experience in Mainland China**

**Kelvin Ho**

**Executive Vice  
President**

- *Prior to joining the Group, he held several management positions in various apparel retailing companies*
- *Over 15 years of retail experience in China, Hong Kong, and Taiwan*
- *BA (Economics), University of Winnipeg, Canada*



## Profit and loss statement (RRM)

	Audited		Unaudited	
	Year ended 31 December 2008		Nine months ended 30 September 2009	
	HK\$'000	US\$'000 equivalent	HK\$'000	US\$'000 equivalent
Revenue	19,155	2,472	16,606	2,143
Cost of sales	(7,603)	(981)	(5,421)	(699)
Gross profit	11,552	1,491	11,185	1,443
Selling expenses	(22,446)	(2,896)	(17,780)	(2,294)
Administrative expenses	(4,302)	(555)	(2,784)	(359)
Loss on written off of fixed assets	–	–	(2,099)	(271)
Finance costs	(8)	–	(100)	–
Operating loss	(15,203)	(1,961)	(11,578)	(1,481)
Finance income - bank interest income	12	2	1	0
Loss before income tax	(15,191)	(1,959)	(11,578)	(1,481)
Income tax expense	–	–	–	–
Loss for the year / period	(15,191)	(1,959)	(11,578)	(1,481)

## Share Capital

Rights issue in June 2010 raised about US\$7 million.

	No. of Shares	US\$'000
Issued share capital as at 31 March 2009	217,089,249	2,171
Add: Rights Shares on 24 June 2010	651,300,000	6,513
Issued share capital as at June 30, 2010	868,389,249	8,684

## Shareholdings

Sam Lin – 5.53%

Kelvin Ho – 1.06%

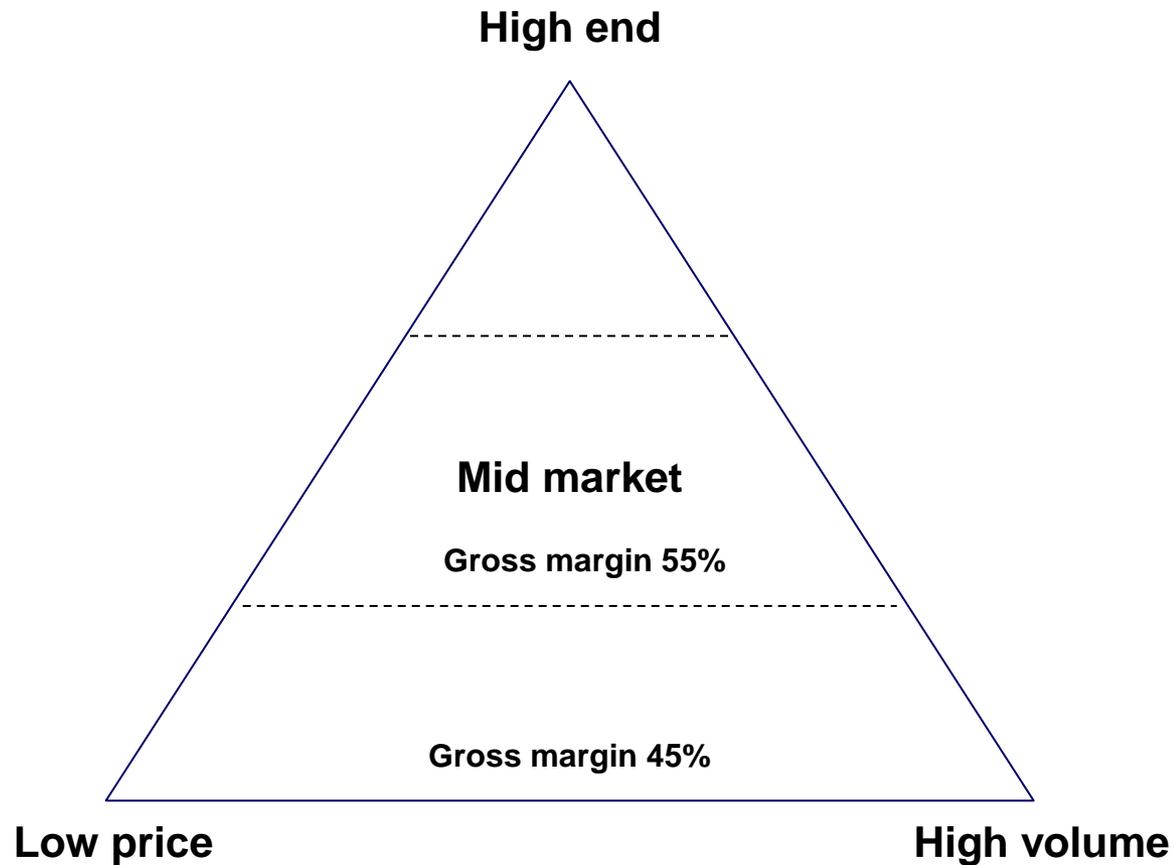
Company on SGX watch-list since June 2009; has to be profitable and to raise market cap to S\$40 million by June 2011

- Brand launched in late 2007, concept based on London high street and edgy Asian pop culture
- Strategy is to operate combination of franchisee and own shops. Currently, 19 stores over 1,224 sq metres of retail space, mostly in Beijing & East China
- Plans to add another 50 outlets within 12 months, target tier 2 & 3 cities such as Shenyang & Hangzhou; expanding existing stores to cater to new lines and accessories
- Asian pop star Stefanie Sun is brand ambassador for the Carnaby.
- Sun's Yanzi for the Carnaby is top-selling collection



## Mid-market segment focus

- Focus on tier 2 and 3 brands with no more than 100 stores for each brand
  - Style Merchants to operate 20 largest stores



- Designed by popular Singaporean singer-songwriter, Stefanie Sun
- Three-year agreement to produce four collections every year till 2012
- YANZI currently accounts for a fifth of Carnaby's turnover; growing at 50% and higher margin













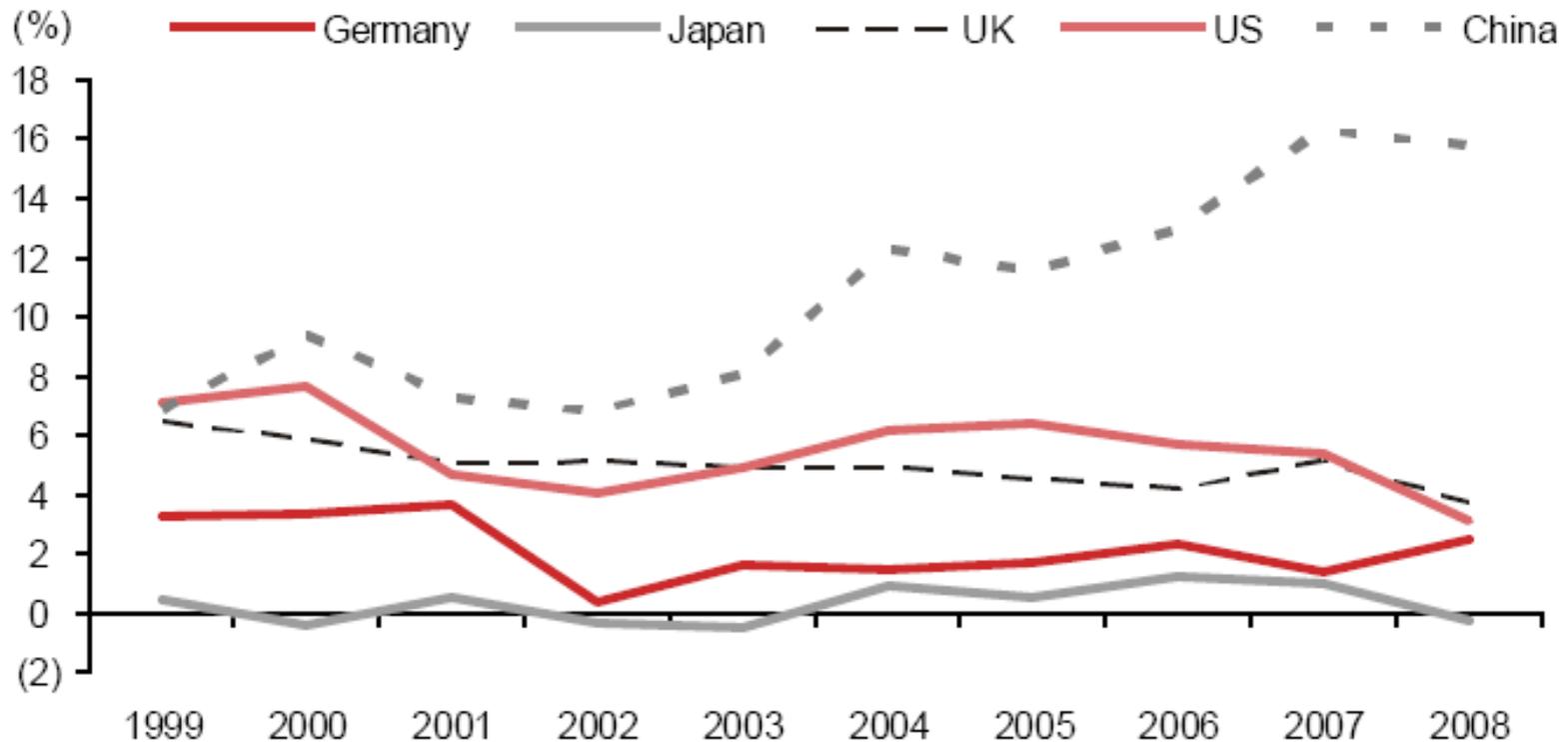
- **Strong consumer spending in Mainland China**
  - Buoyant Chinese economy fuels double-digit growth in consumer spending
  - Women's fashion industry is expected to grow at 16-18% per annum\*
- **New brands and new collections**
  - Rights proceeds and bank borrowings to fund acquisitions and licensing arrangements for new brands
  - Organic growth from Carnaby's new collections
- **Expansion into tier 2 & 3 cities in China**
  - Growth in tier 2 and 3 cities
  - Fewer foreign brands in cities such as Shenyang and Hangzhou

\*Source



- **China key driver of global consumption growth**
  - China ranked number one in annual consumer spending growth (12.1%) during 1999-2008
  - Chinese private consumption has potential to match the US as largest consumption power

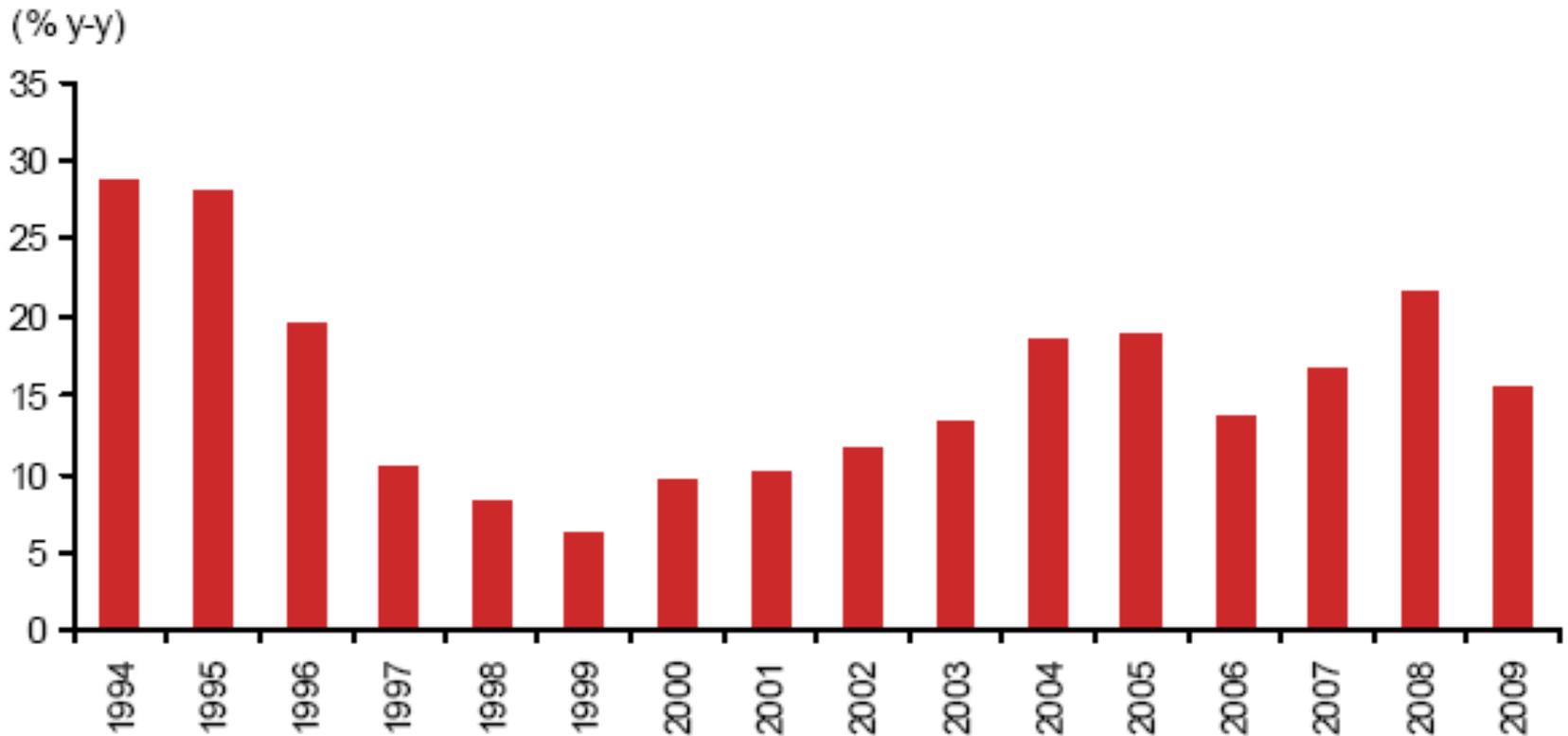
## China Private Consumption Growth Y-O-Y



Source: CEIC, Nomura

- **Strong consumer spending in Mainland China**
  - Buoyant Chinese economy resulting in more wealth creation and consumption
  - Women's fashion industry is expected to grow at 16-18% per annum

## China Retail Sales Growth Y-O-Y



Source: CEIC, Nomura



Style Merchants

For information please contact:

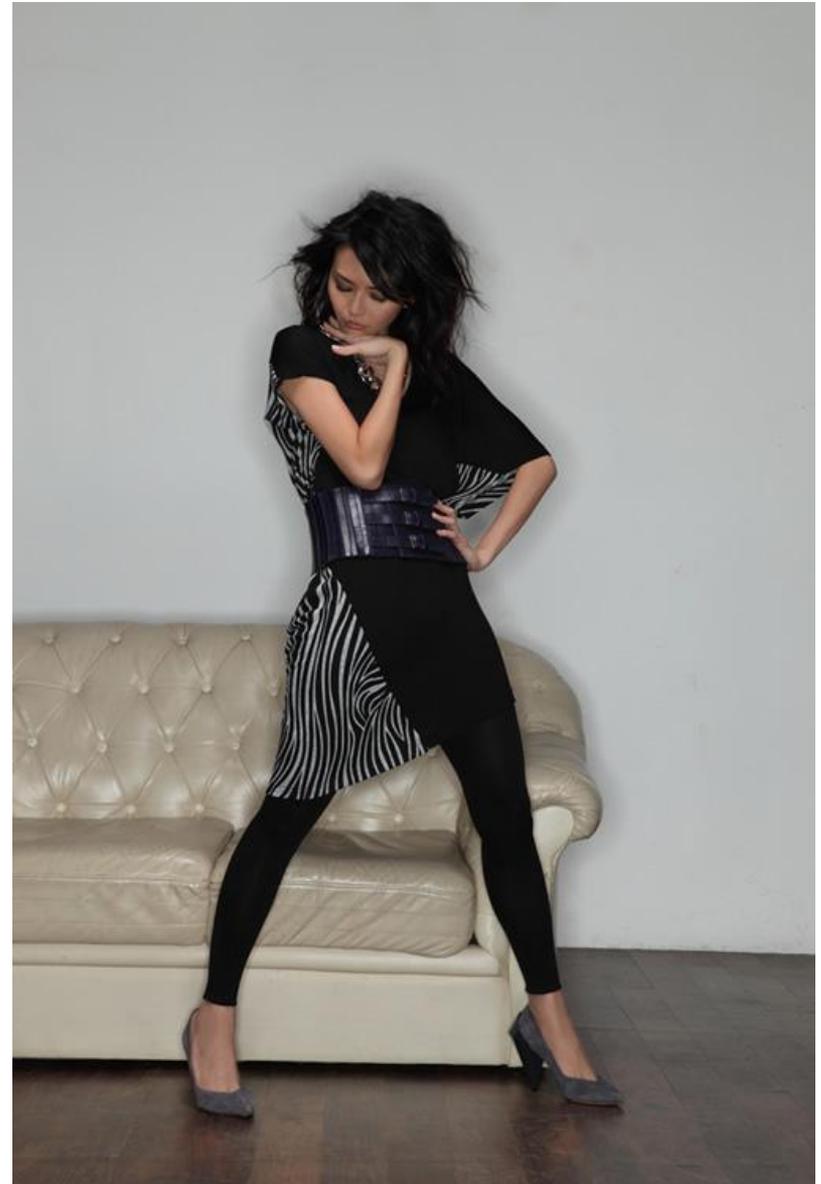
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**thank you**