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If you have sold or transferred all your shares in **Wanasports Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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WANASPORTS HOLDINGS LIMITED
(威倫堡控股有限公司*)
(incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION
PLACING OF EXISTING SHARES
AND
SUBSCRIPTION FOR NEW SHARES

A letter from the board of directors of Wanasports Holdings Limited is set forth on pages 3 to 10 of this circular.

This circular will remain on the GEM website at "www.hkgem.com" on the "Latest Company Announcements" page for a minimum period of seven days from the date of publication.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which these companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at “www.hkgem.com” in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:–

“Announcement”	the announcement of the Company dated 24 April 2003 in relation to the Placing and the Subscription
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Wanasports Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Co-operation Agreement”	an agreement dated 13 December 2002 entered into by Quest Capital Markets Limited and The Stellar Group Limited setting out the terms and conditions under which those parties have agreed to co-operate on an exclusive basis
“CMCCS” or “Placing Agent”	CM-CSS Securities Limited, the placing agent for the Placing
“Directors”	the director(s) of the Company
“EMP” or “Vendor”	Even More Profits Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Mr. Chiu Chun Hung, an executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to such term in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	12 May 2003, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“management shareholders”	has the meaning ascribed to it under the GEM Listing Rules
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 17 April 2003 between EMP and the Placing Agent
“Placing Price”	HK\$0.10 per Placing Share

DEFINITIONS

“Placing Shares”	84,600,000 Shares
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by EMP on the terms and subject to the conditions set out in the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 17 April 2003 entered between (i) the Company as the issuer and (ii) EMP as the subscriber, pursuant to which EMP subscribed for the Subscription Shares at the Placing Price
“Subscription Shares”	a total of 84,600,000 new Shares issued and allotted by the Company and subscribed by EMP pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars
“%”	per cent.

LETTER FROM THE BOARD



WANASPORTS HOLDINGS LIMITED
(威倫堡控股有限公司*)

(incorporated in the Cayman Islands with limited liability)

Directors:

Executive Directors:

Wan Chi Keung
Chiu Chun Hung
Yam Tat Wah

Independent non-executive Directors:

Chung Siu Lung
Kan Wing Fai, Terry

Registered Office:

Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands

Head Office and

Principal Place of Business:

Unit No. 7, 5th Floor
Vanta Industrial Centre
Nos. 21-33
Tai Lin Pai Road
Kwai Chung, N.T.
Hong Kong

14 May 2003

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
PLACING OF EXISTING SHARES
AND
SUBSCRIPTION FOR NEW SHARES

INTRODUCTION

On 17 April 2003, EMP entered into the Placing Agreement with the Placing Agent in relation to the placing by EMP through the Placing Agent of an aggregate of 84,600,000 Shares to independent professional and institutional investors on a fully underwritten basis.

EMP is a substantial shareholder of the Company and was, prior to the Placing and the Subscription, interested in approximately 29.55% in the issued share capital of the Company.

On the same day, EMP entered into the Subscription Agreement with the Company pursuant to which the Company agreed to issue to EMP and EMP agreed to subscribe for an aggregate of 84,600,000 new Shares at a price of HK\$0.10 per Share. Upon the completion of the Placing and the Subscription, the shareholding of EMP in the Company decreased to 24.62%.

* For identification only

LETTER FROM THE BOARD

The Placing Agent successfully completed the placement of all of the Placing Shares on behalf of EMP to 20 placees. These 20 placees are independent of the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries and any of their respective associates and that none of the placees fall under any of the categories set out in Note 1 to Rule 10.12(4) of the GEM Listing Rules.

The new Shares rank pari passu in all respects with the other Shares in issue.

The Placing was completed on 24 April 2003 and the Subscription was completed on 30 April 2003.

The Subscription constituted a discloseable transaction under the GEM Listing Rules. The purpose of this circular is to provide information on the Placing and the Subscription and other additional information as required under the GEM Listing Rules.

THE PLACING AGREEMENT

Date: 17 April 2003

Parties: (i) EMP, the vendor
(ii) CMCCS, the placing agent

EMP is a company incorporated in the British Virgin Islands with limited liability and is currently engaged in investment holdings. It is a substantial shareholder of the Company and was, prior to the Placing and the Subscription, interested in 124,990,000 Shares, representing approximately 29.55% of the issued share capital of the Company. The ultimate beneficial owner of EMP is Mr. Chiu Chun Hung, an executive Director. Mr. Chiu intends to remain as executive Director, after completion of the Placing.

CMCCS is a deemed licenced corporation under the SFO and engaged in types 1, 4, 6, 7 and 9 regulated activities. It is an independent third party not connected with EMP or its associates or the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries and their respective associates.

Placing: The Placing Agent conditionally agreed, on a fully underwritten basis, to place the Placing Shares at the Placing Price, or failing which itself as principal, to purchase the Placing Shares.

Placees: No less than six placees who are individuals, professional and/or institutional and/or other investors and are independent third parties not connected with EMP or its associates or the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries and any of their respective associates.

LETTER FROM THE BOARD

- Placing Price:** HK\$0.10 per Share, representing (i) a discount of about 4% to the closing price of HK\$0.104 per Share as quoted on the Stock Exchange on 16 April 2003, being the last trading day prior to the suspension of trading in the Shares pending the issue of the Announcement; and (ii) a premium of about 21% to the average closing prices per Share of HK\$0.0826 as quoted on the Stock Exchange for the 10 consecutive trading days ended on 16 April 2003. The Placing Price and other terms and conditions of the Placing Agreement were negotiated between EMP and the Placing Agent on an arm's length basis and the Placing Price has been satisfied by the Placing Agent in cash.
- Placing Shares:** A total of 84,600,000 Shares, representing 20% of the then existing issued share capital of the Company prior to the Placing and the Subscription and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the new Shares following completion of the Subscription Agreement.
- Rights:** The Placing Shares have been sold free from all liens, charges, encumbrances and third party rights and the holders thereof will receive all dividends and distribution declared, made or paid on or after the date of the Placing Agreement.
- Force majeure:** The Placing Agent was entitled, on the occurrence of certain events (including a material breach of any of the undertakings, warranties and representations given by the Vendor contained in the Placing Agreement), to terminate the Placing Agreement by giving notice to the Vendor prior to 10:00 a.m. on the date of completion of the Placing.
- Completion date:** Completion of the Placing took place on 24 April 2003, details of which have been set out in the announcement of the Company dated 25 April 2003.

THE SUBSCRIPTION AGREEMENT

- Date:** 17 April 2003
- Parties:** (i) The Company, the issuer
(ii) EMP, the subscriber
- Subscription:** The Company agreed to allot and issue to EMP and EMP agreed, conditionally as referred to below, to subscribe for the Subscription Shares at the Subscription Price.
- Subscription price:** HK\$0.10 per Share, which is the same as the Placing Price under the Placing Agreement, which has been satisfied by EMP in cash.

All the commission, costs and expenses incurred in relation to the Placing and the Subscription have been borne by the Company and interest accrued on the net Placing proceeds from the date of completion and settlement of the Placing to the date of completion of the Subscription was attributable to the Company.

LETTER FROM THE BOARD

- Subscription Shares: A total of 84,600,000 new Shares, representing 20% of the then existing issued share capital of the Company prior to the Placing and the Subscription and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares following completion of the Subscription Agreement.
- General mandate to issue the new Shares: The Placing Shares have been issued and allotted under the general mandate to issue Shares granted to the Directors at the annual general meeting of the Company held on 17 July 2002.
- Ranking: The Subscription Shares rank pari passu in all respects with the other Shares then in issue.
- Use of proceeds: The net proceeds from the Subscription amounted to approximately HK\$8,260,000. It is intended that such net proceeds will be used as follows:–
- (i) as to HK\$2,600,000 shall be applied in paying the consideration under a conditional agreement dated 17 April 2003 between Quest Capital Markets Limited, an independent third party, and the Company under which Quest Capital Markets Limited has agreed to procure the novation of all rights and obligations of Quest Capital Markets Limited under the Co-operation Agreement to the Company; and
 - (ii) as to the balance of HK\$5,660,000 to be used as general working capital of the Company. No specific breakdown as to the use of the general working capital has been made. The Directors consider that depending on the outcome of negotiation with third parties, part of such HK\$5.66 million net proceeds may be used to settle any claims or disputes of the Company. Saved as disclosed in the previous announcements of the Company dated 11 March 2003 and 16 December 2002, the Group has no other claims or disputes with any third parties and there has been no new development as to the claims and disputes subsequent to the release of the relevant announcements of the Company.
- Conditions: Completion of the Subscription Agreement was conditional upon:–
- (i) completion of the Placing pursuant to the terms of the Placing Agreement;
 - (ii) the Stock Exchange confirming in writing that they have no further comment on the Announcement and the issue of the Announcement in accordance with the GEM Listing Rules; and
 - (iii) the listing of and permission to deal in the Subscription Shares being granted by the GEM Listing Committee (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

LETTER FROM THE BOARD

Completion date: All conditions in relation to the Subscription had been fulfilled and share certificates for the Subscription Shares were issued to EMP on 30 April 2003. Accordingly, completion of the Subscription took place on 30 April 2003, details of which have been set out in the announcement of the Company dated 30 April 2003.

Application for listing: Application was made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued by the Company pursuant to the Subscription Agreement on the Stock Exchange.

REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION

Information on the Group

The Group is principally engaged in investment holding, distribution of golfing and other sports-related products.

Reasons

Under the Co-operation Agreement, The Stellar Group Limited and Quest Capital Markets Limited agreed to co-operate on an exclusive basis in relation to the management of sports people and planning and holding sport events in the PRC. However, to date, no such sports event has been held by the parties. According to the Co-operation Agreement, the parties, namely The Stellar Group Limited and Quest Capital Markets Limited, intended to become shareholders in a new company to be incorporated in the PRC, and to consider joining a third party to the new company at some time and to enter into a shareholders agreement to govern the day-to-day running and conduct of business of the new company. However, to date, the percentage of shareholding among the parties has not been determined and no third party for the co-operation has been identified. The Co-operation Agreement is of no fixed duration, and is terminable by either party giving to the other party no less than 12 months written notice.

The Stellar Group Limited is a global sports management consultancy with more than 300 professional sportsmen from different sports such as soccer, golf, cricket, rugby and athletics under their management. Headquartered in the United Kingdom, The Stellar Group Limited has offices in the United Kingdom, Italy, Holland, South Africa, Bulgaria, Greece and Turkey. The Stellar Group Limited is majority owned by Mr. Jonathan Barnett and Mr. David Manasseh. Quest Capital Markets Limited is a company incorporated in Hong Kong and is an investment holding company which invests in sports related businesses. Quest Capital Markets Limited is majority owned by Ms. Tan Gek Huang. Both Quest Capital Markets Limited and The Stellar Group Limited are independent of and not connected with the Directors, chief executive, substantial shareholders or management shareholders of the Company and its subsidiaries and any of their respective associates.

The Directors understand that Quest Capital Markets Limited agreed to transfer the exclusive co-operation right with The Stellar Group Limited to the Company for a commercially acceptable price and consider that it is in the interest of the proposed joint venture that The Stellar Group Limited can operate in conjunction with a reputable Hong Kong listed company which has sports related business operating in the PRC.

LETTER FROM THE BOARD

Part of the net proceeds from the Subscription amounting to approximately HK\$2.6 million will be used to procure novation of the Co-operation Agreement. According to the agreement between the Company and Quest Capital Markets Limited, the consideration should be paid after the completion of the Subscription and the novation shall be completed on the date when the payment is made.

On completion of the novation, the Company will replace Quest Capital Markets Limited in the Co-operation Agreement, which offers the Company the opportunity to work in conjunction with The Stellar Group Limited on an exclusive basis and leverage on its reputation, expertise and experience for the Company to co-operate with The Stellar Group Limited, which will be engaged in the business of managing sportsmen and planning and holding sports events in the PRC. The Directors consider that the Group's participation in sports events to be organised by The Stellar Group Limited in the PRC would be a very effective way to promote the "Wanasports" brand name. The Directors expect that the Group will also have the opportunity to have the sports professional under the management of The Stellar Group Limited to promote the "Wanasports" brand name. However, no such arrangement in relation to the promotion activities of the Group is provided for under the Co-operation Agreement. The Group is not required to commit any capital under the Co-operation Agreement. The Group has no current intention to be engaged in the business of sports professional management or holding sports events of the Stellar Group Limited. The Directors consider that as the Group's main obligation under the Co-operation Agreement is to provide assistance and guidance in operations in the PRC, no material financial resources from the Group will be required in this regard. The Group is currently, through Quest Capital Markets Limited, in discussion with The Stellar Group Limited in order to formulate a concrete plan for the proposed business in the PRC pending completion of the novation. As at the date of this circular, such business plan is not yet confirmed. Having considered the reputation and expertise of The Stellar Group Limited, its relationship with various well known sports professionals and the potential of the PRC market, the Directors consider that the co-operation with The Stellar Group Limited is in the interests of the Company and its shareholders as a whole.

As the proposed co-operation with The Stellar Group is intended to assist the Group in promoting the "Wanasports" brand name, the Directors consider that the entering into of the Co-operation Agreement is in line with its business objectives as set out in its prospectus dated 4 December 2001. Under the Co-operation Agreement, apart from the exclusive right to co-operate with The Stellar Group Limited for the related business, no other benefit to the Group is provided for. **Should there be any material derivation from the previously stated business objectives and/or there be any other business and/or benefit to the Group arising out of the Co-operation Agreement, the Company will make relevant disclosure and/or obtain shareholders' approval in accordance with Rule 17.26 of and any other applicable rules under the GEM Listing Rules. In addition, should there be future transaction between the Group and The Stellar Group Limited and/or Quest Capital Markets Limited within a 12 month period after the novation of the Co-operation Agreement, the value of such future transaction and the consideration for the novation of the Co-operation Agreement may be required to be aggregated for determining whether any future transaction of the Group will be considered notifiable transaction under the GEM Listing Rules. In such case, the Company will have to comply with the requirements for the relevant classification of the transaction under the GEM Listing Rules when aggregated.**

The remaining net proceeds from the Subscription amounting to approximately HK\$5.86 million will be used as general working capital of the Group.

LETTER FROM THE BOARD

Having considered the prevailing market conditions, the Directors believe that the terms of the Placing and the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole, represent a good opportunity to raise capital for the Company to broaden the shareholder base and capital base of the Company and will strengthen the financial position of the Company.

EFFECTS ON SHAREHOLDING

The effects of the Placing and Subscription on the shareholding of the Company were as follows:–

	Before the Placing and the Subscription		After the Placing but before the Subscription		After the Placing and the Subscription	
	% of the existing issued share capital		% of the existing issued share capital		% of the existing issued share capital	
	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares
EMP (<i>Note 1</i>)	124,990,000	29.55	40,390,000	9.55	124,990,000	24.62
Charming Heart Limited (<i>Note 2</i>)	161,756,000	38.24	161,756,000	38.24	161,756,000	31.87
Placees under the Placing	–	–	84,600,000	20.00	84,600,000	16.67
Public shareholders	<u>136,254,000</u>	<u>32.21</u>	<u>136,254,000</u>	<u>32.21</u>	<u>136,254,000</u>	<u>26.84</u>
Total	<u>423,000,000</u>	<u>100.00</u>	<u>423,000,000</u>	<u>100.00</u>	<u>507,600,000</u>	<u>100.00</u>

Note1: EMP is wholly owned by Mr. Chiu Chun Hung, an executive Director.

Note2: Charming Heart Limited is owned as to 90% by Mr. Wan Chi Keung and 10% by Ms. Yim Wai Ling Catherina. Mr. Wan Chi Keung is an executive Director.

The Subscription itself did not change the Company's control.

APPLICATION FOR LISTING

An application was made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued by the Company pursuant to the Subscription Agreement on the Stock Exchange. Approval for the listing of, an permission to deal in, the Subscription Shares was granted to the Company by the Stock Exchange on 29 April 2003.

EXPENSES

Total expenses incurred in relation to the Placing and the Subscription amounted to approximately HK\$200,000.

LETTER FROM THE BOARD

GENERAL

The Subscription represented approximately 48.5% of the published net tangible assets of the Group as at 30 September 2002 adjusted for the loss of the Group for the nine months ended 31 December 2002 and thus the Subscription constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

Your attention is drawn to the general information set out in the appendix to this circular.

By order of the Board
WANASPORTS HOLDINGS LIMITED
Wan Chi Keung
Director

1. RESPONSIBILITY STATEMENT

This circular, 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:

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:–

Interests in the Company

Name of Director	Personal interests (number of Shares)	Family interests (number of Shares)	Corporate interests (number of Shares)	Other interests (number of Shares)	Total number of Shares	%
Wan Chi Keung (<i>Note 1</i>)	161,750,000	–	–	–	161,750,000	38.24
Chiu Chun Hung (<i>Note 2</i>)	124,990,000	–	–	–	124,990,000	29.55
Yam Tat Wah (<i>Note 3</i>)	3,381,000	–	–	–	3,381,000	0.8

Note 1: Mr. Wan Chi Keung held these Shares through Charming Heart Limited, a company in which Mr. Wan Chi Keung holds 90% of its issued share capital.

Note 2: Mr. Chiu Chun Hung held these Shares through EMP, a company in which Mr. Chiu Chun Hung holds 100% of its share capital.

Note 3: Mr. Yam Tat Wah held these Shares through Sun Oriental Development Limited, a company in which Mr. Yam Tat Wah holds 100% of its issued capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their respective associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or which were required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

4. SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders (including Director or chief executive of the Company) who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO were as follows:-

Name	Number of Shares	Percentage of issued share capital
Charming Heart Limited (<i>Note 1</i>)	161,756,000	38.24%
EMP (<i>Note 2</i>)	124,990,000	29.55%

Note 1: Charming Heart Limited is a private company owned as to 90% by Mr. Wan Chi Keung and 10% by Ms. Yim Wai Ling, Catherina.

Note 2: EMP is a private company wholly owned by Mr. Chiu Chun Hung.

Save as disclosed, as at the Latest Practicable Date, the Directors are not aware of any other person who has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or who is interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of two years commencing from 1 December 2001 which will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other without payment of compensation.

6. SPONSOR'S INTERESTS

As updated and notified by the Company's sponsor, DBS Asia Capital Limited ("DBS Asia"), as at the Latest Practicable Date, neither DBS Asia nor its directors or employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Pursuant to the sponsorship agreement dated 27 June 2001, DBS Asia has been retained for a fee, as the continuing sponsor of the Company until 31 March 2004.

7. SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Scheme") on 20 November 2001. A summary of the principal terms of the Scheme is set forth in the subsection headed "Share Option Scheme" in Appendix IV to the prospectus of the Company dated 4 December 2001. As at the Latest Practicable Date, no option has been granted or agreed to be granted by the Company under the Scheme.

8. LITIGATION

Save as disclosed below, no member of the Group is engaged in any litigation or arbitration of material importance and the Directors are not aware of any litigation, arbitration or claims of material importance pending or threatened against any member of the Group.

- (i) As stated in the announcement of the Company dated 11 March 2003, the Group received a high court writ under which Wanasports International Ltd., a wholly-owned subsidiary of the Company, has been allegedly sued by Lucky Strike Investment Ltd. for the arrears of rent of HK\$218,676.98.
- (ii) As stated in the announcement of the Company dated 21 February 2003, the Group has been negotiating with the landlord in respect of the early termination of the Group's retail store in Tsimshatsui. The landlord has been claiming the Group in respect of rentals and charges in arrears in respect of HK\$498,560 for August and September 2002 (the "TST Dispute").
- (iii) As stated in the announcement of the Company dated 16 December 2002, an article magazine has reported a trade dispute between the Group and one of the Group's suppliers for the outstanding payment of goods for a sum of HK\$317,702.20 (the "Trade Dispute").

As at the Latest Practicable Date, there has been no development to any of the above and no formal writ has been received regarding the TST Dispute or the Trade Dispute.

9. GENERAL

- (a) The head office and principal place of business of the Company is at Unit No. 7, 5th Floor, Vanta Industrial Centre, Nos. 21-33, Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong. The registered office of the Company is at Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands.

- (b) The Hong Kong branch share registrar and transfer office is Hong Kong Registrars Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The secretary and qualified accountant of the Company is Mr. Chan Kwok Choi. Mr. Chan is an Associate member of the Hong Kong Society of Accountants and an Associate member of the Australian Society of Certified Practising Accountants.
- (d) The compliance officer of the Company is Mr. Wan Chi Keung.
- (e) The Company established an audit committee on 12 July 2001 with written terms of reference in compliance with Rule 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has two members comprising of two independent non-executive Directors, Mr. Chung Siu Lung and Mr. Kan Wing Fai, Terry. Ms. Chung Siu Lung was appointed as the chairman of this committee.

Ms. Chung Siu Lung is a practising solicitor in Hong Kong. Ms. Chung holds a Bachelor's Degree in Social Sciences from the Chinese University of Hong Kong and a Law Degree from the University of London. Ms. Chung served as the vice-president of a venture capital company in Hong Kong investing primarily in high-tech and information technology companies. From August 2000 to January 2001, Ms. Chung was the director of legal affairs of a company listed in Hong Kong. Such company focuses on making investments in technology and related businesses.

Mr. Kan Wing Fai, Terry is a practising barrister in Hong Kong. He was called to the Hong Kong Bar in 1999. Mr. Kan graduated from Imperial College, London in 1997 with a Bachelor Degree in Electrical and Electronic Engineering and is an Associate Member of the Institute of Electrical Engineers. He obtained a Postgraduate Diploma in Law from the University of Westminster, London and a Postgraduate Certificate in Law from the University of Hong Kong. Mr. Kan is also an Associate Member of the Chartered Institute of Arbitrators.

- (f) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.