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

(incorporated in the Cayman Islands with limited liability)

UPDATE ON THIRD PARTY DISPUTES

Summary

The Directors announce the following:–

1. the Trade Dispute has been settled on 13 May 2003;
2. a court hearing was held on 28 April 2003 in respect of the Rental Dispute, but as at the date hereof, the court has not made any ruling, and
3. there has been no development to the TST Rental Dispute.

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of the Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”). The directors (the “Directors”) of Wanasports Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) announce the following:–

- (1) As stated in the announcement of the Company dated 16 December 2002, there was 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”). These goods were previously rejected by the Group and returned back to the supplier. On 13 May 2003, the Group and its supplier reached a settlement in respect of the Trade Dispute. According to the settlement agreement, (i) the supplier has waived the claim amount of HK\$317,702.20; and (ii) the Group has granted the supplier the right to distribute, sell and dispose of the goods as beneficial owner and all the monies realised from the sale of the goods shall remain vested in the supplier. The Group has no further liability whatsoever.
- (2) 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, was allegedly sued by Lucky Strike Investment Ltd. (“Lucky Strike”), the landlord, for the arrears of rent of HK\$218,676.98 in respect of the retail shop operated by one of the Group’s franchisees in Causeway Bay (the “CB Rental Dispute”). A court hearing was held on 28 April 2003. The court adjourned the case for argument to a date to be fixed and made, inter alia, a direction that Lucky Strike is at liberty to file an affirmation in reply within 14 days. As at the date hereof, Lucky Strike has not filed the affirmation in reply and accordingly, the said deadline for filing an affirmation by Lucky Strike has lapsed. There has been no further development to the CB Rental Dispute and the

Company is waiting for further instructions from the court. A further announcement will be made by the Company as and when appropriate.

- (3) 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 a sum of HK\$498,560 in respect of rentals and charges in arrears for August and September 2002 (the "TST Rental Dispute"). As at the date hereof, the parties are still trying to reach an agreement including refund from the Landlord the rental deposit in the sum of HK\$747,840. The Directors are unable to confirm whether or when an agreement with the landlord can be reached. As at the date hereof, no writ of summons was received by the Group regarding the TST Rental Dispute. A further announcement will be made by the Company as and when appropriate.

Save as disclosed above, 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.

The Directors have also noted recent increase in the share price of the Company and wish to state that except for information disclosed above, they are not aware of any reasons for such increase. The Directors also confirm that none of the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their respective associates is engaged in any of the dealings in the shares of the Company today.

Further, the Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the board of Directors aware of any matter, save as disclosed above, discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

By order of the board of Directors
Wan Chi Keung
Chairman

Hong Kong, 14 May 2003

This announcement, for which the Directors collectively and individually accept 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.wanasports.net.

* for identification only