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威 倫 堡

WANASPORTS HOLDINGS LIMITED

(威 倫 堡 控 股 有 限 公 司 *)

(Incorporated in the Cayman Islands with Limited Liability)

**THIRD QUARTERLY REPORT
2003**

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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 the 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 of the Stock Exchange 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. 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.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Wanasports Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

THIRD QUARTER RESULTS (UNAUDITED)

The board of Directors ("Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended 31 December 2003 and the three months ended 31 December 2003, respectively, together with the comparative unaudited figures for the corresponding periods in 2002 as follows:-

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Note	Nine months ended 31 December		Three months ended 31 December	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover	2	3,732	8,790	2,235	1,523
Cost of sales	3	(2,481)	(5,775)	(1,347)	(1,063)
Gross Profit		1,251	3,015	888	460
Other revenues	2	1,075	10	917	5
Selling and distribution expenses	3	-	(346)	-	(22)
General and administrative expenses	3	(4,095)	(15,130)	(2,535)	(1,923)
Operating loss		(1,769)	(12,451)	(730)	(1,480)
Finance cost	4	(3)	(34)	-	(11)
Loss before taxation		(1,772)	(12,485)	(730)	(1,491)
Taxation	5	-	-	-	-
Share of loss of an associated company		(6)	-	-	-
Loss attributable to shareholders		(1,778)	(12,485)	(730)	(1,491)
Interim dividend per share	6	-	-	-	-
Loss per share – basic	7	(0.35 cent)	(2.95 cents)	(0.15 cent)	(0.35 cent)

STATEMENT OF CHANGE IN EQUITY*Nine months ended 31 December 2003*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accu- mulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2002	4,230	39,419	(52)	(13,683)	29,914
Loss for the period	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(12,485)</u>	<u>(12,500)</u>
As at 31 December 2002	<u>4,230</u>	<u>39,419</u>	<u>(67)</u>	<u>(26,168)</u>	<u>(17,414)</u>
As at 1 April 2003	4,230	39,419	(52)	(42,539)	1,058
Adjustment on accumulated loss for the disposal of subsidiaries during the period	-	-	-	(728)	(728)
Share allotments in the period	846	7,614	-	-	8,460
Merger reserve	-	-	(574)	-	(574)
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,778)</u>	<u>(1,778)</u>
As at 31 December 2003	<u>5,076</u>	<u>47,033</u>	<u>(626)</u>	<u>(45,045)</u>	<u>6,438</u>

During the nine months ended 31 December 2003, certain subsidiaries were acquired and disposed of. The gain and loss on the disposals are dealt with in the profit and loss account, and the excess of investment cost over the fair net asset value of the subsidiaries acquired are reflected in the merger reserve account. There was no material acquisition or disposal of subsidiaries in the corresponding period in 2002.

Notes:-

1. Group reorganisation and basis of presentation

The unaudited consolidated results of the Group for the nine months ended 31 December 2003 include the results of the companies now comprising the Group as if the current group structure had been in existence through the period or since their respective dates of incorporation or establishment, whichever is a shorter period. All significant intra-group transactions and balances have been eliminated on consolidation.

The accounts have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong. The principal accounting policies adopted in preparing the unaudited consolidated results are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2003.

Certain prior periods' comparative figures have been reclassified to conform with the current period's presentation.

2. Turnover and revenue

The Group is engaged in the design, sourcing and distribution of casual wear, sportswear and lifestyle's garment products and accessories. Revenues recognised during the period are as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover – Sale of goods	3,732	8,790	2,235	1,523
Other income	1,075	10	917	5
Total revenues	4,807	8,800	3,152	1,528

Other income consists of consultancy fees from an associated company, interest from bank deposits and net realised income/(loss) derived from trading of marketable securities for treasury purposes.

3. Operating costs

The operating loss is stated after charging the following:-

	Nine months ended 31 December		Three months ended 31 December	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Cost of inventories sold	2,481	5,775	1,347	1,063
Depreciation	45	447	23	99
Staff cost				
– basic salaries and allowances	785	5,820	530	1,063
– retirement scheme contributions	59	221	35	44

4. Finance costs

	Nine months ended 31 December		Three months ended 31 December	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Bank charges	3	10	-	3
Bank interest	-	24	-	8
	3	34	-	11

5. Taxation

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period under review and the corresponding period in 2002.

No deferred tax assets have been recorded in the accounts as it is uncertain whether any such amounts will crystallise in the foreseeable future.

6. Interim dividend

The Directors do not recommend the payment of an interim dividend for the period (2002: Nil).

7. Loss per share

The calculation of the basic loss per share for the nine months ended 31 December 2003 is based on the unaudited consolidated loss attributable to shareholders of HK\$1,778,000 and (2002: HK\$12,485,000) and the weighted average number of 502,932,414 (2002: 423,000,000) ordinary shares outstanding during the period.

No diluted loss per share for the nine months ended 31 December 2003 and the corresponding period in 2002 is presented because there were no dilutive potential ordinary shares in existence during the period.

BUSINESS REVIEW

During the nine months ended 31 December 2003, the turnover of the Group was approximately HK\$3,732,000 (2002: HK\$8,790,000) and the loss attributable to shareholders was approximately HK\$1,778,000 (2002: HK\$12,485,000). Loss per share was approximately 0.35 HK cent (2002: 2.95 HK cents).

In April 2003, the Company raised approximately HK\$8,460,000 through a top-up placing of its shares. Details of the transaction have been disclosed in the announcements of the Company dated 24, 25 and 30 April 2003, and in the Group's audited annual report for the year ended 31 March 2003. The funds generated by the placing have been used to finance the Group's operations and will be used to develop new business opportunities.

As part of the efforts of the Group to improve the quality and design of its garment products, on 25 July 2003, the Group acquired the entire shareholding of Colonial Ventures Limited, the holding company of Concepts Only Limited. Details of the acquisition are expected to be announced later. The Directors consider that the garment design, development and sourcing capabilities of Concepts Only Limited to be complimentary to the garment product distribution business of the Group. Moreover, the established business and client base of Concepts Only Limited also represent a valuable foundation for the Group to further develop its garment business, not only in the region, but also in the United Kingdom and Australia. The Directors expect that the Group's capabilities in building and supporting its garment product distribution network would be substantially strengthened with the addition of Concepts Only Limited to the Group.

On 25 July 2003, the Company entered into an agreement to dispose of a wholly-owned subsidiary, Wanasports BVI Limited, which was the intermediate holding company of Wanasports International Limited. Wanasports International Limited was a major operating subsidiary of the Group and was the contracting party of the Group for the Group's previous franchisee agreements. By way of the disposal, the Group intended to dispose of obsolete inventories and to remove the Group from liability for potential claims from various landlords of the Group's previous franchised retail outlets that had been closed. The Directors considered that it was in the best interests of the Company and the Group to carry out the disposal of Wanasports BVI Limited and Wanasports International Limited.

On 10 September 2003, the Group completed negotiations with MQ Services Pty Limited and entered into a franchise agreement with them. MQ Services Pty Limited is the first franchisee of the Group in Australia and will cooperate with the Group to explore the marketability of its products in regions other than the PRC and Hong Kong. MQ Services Pty Limited is expected to open a retail outlet for the Group's garment products in a shopping mall located in Melbourne, Australia, early in 2004.

On 31 December 2003, the Group completed negotiations with Tagalder International, Inc. ("Tagalder") and entered into a master franchise agreement with them. Under the terms of the master franchise agreement, Tagalder will be the master franchisee of the Group in the PRC, Hong Kong and Macau. The master franchise agreement is for an initial period of five years, and Tagalder International, Inc. will pay a franchise fee to the Group of HK\$300,000.

FUTURE PROSPECTS

The retail environment in Hong Kong continues to be poor, though there now appears to be the beginning of a recovery in the general economy of Hong Kong. However, the Group believes that there are new business opportunities in Hong Kong and the southern part of the PRC, as well as the rest of the Asia-Pacific region, and has actively sought to find franchise partners to work with so as to be able to exploit these opportunities.

These efforts are now starting to bear fruit. The Group is working closely with MQ Services Pty Limited to prepare its chosen retail outlet location for the commencement of franchise retail operations in Australia. The Group has also announced its re-entry into the PRC retail market with its new master franchisee in the PRC, Tagalder International, Inc., who will carry the Group's new brand "Pallister". Tagalder International, Inc. expects to open its first franchise store in Guangzhou by the middle of 2004.

The design and sourcing capabilities of the recently-acquired subsidiary, Concepts Only Limited, have proved invaluable to allow the Group to pursue its strategy, and the Group's new franchise partners will carry garments and accessories designed and sourced by Concepts Only Limited. In addition, Concepts Only Limited's existing garment design, sourcing and distribution business has also continued to grow.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES

As at 31 December 2003, the interests or short positions of the Directors in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the 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 Rule 5.40 of the GEM Listing Rules, to be notified to the Company and the Exchange:

A. Long positions in the ordinary shares of HK\$ 0.01 each of the Company

Name of Director	Type of interest	Number of shares	Percentage of issued share capital
Mr. Wan Chi Keung	Corporate (<i>Note 1</i>)	161,750,000	31.87%

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.

Save as disclosed above, none of the Directors had any interests in the share capital of the Company or its associated corporations. During the reporting period, there were no debt securities issued by the Group at any time.

B. Rights to acquire ordinary shares of HK\$ 0.01 each of the Company

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 out in the subsection headed "Share Option Scheme" in Appendix IV to the prospectus. As at 31 December 2003, no option has been granted or agreed to be granted by the Company under the Scheme.

C. Short positions in associated corporations

Save as disclosed above, none of the Directors or their associates had, as at 31 December 2003, any interests or short positions in any 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 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 Rule 5.40 of the GEM Listing Rules, to be notified to the Company and the Exchange.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2003, the persons or corporations (not being a Director or the chief executive of the Company) who have interests or short positions in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or which have otherwise been notified to the Company were as follows:

Name of shareholder	Number of shares	Percentage of issued share capital
Charming Heart Limited (<i>Note 1</i>)	161,750,000	31.87%
Even More Profits Limited (<i>Note 2</i>)	124,990,000	24.62%

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: Even More Profits Limited is a private company wholly owned by Mr. Chiang Wee Tiong.

SHARE OPTION SCHEME

The Company has conditionally adopted the Scheme on 20 November 2001. As at 31 December 2003, no option has been granted or agreed to be granted by the Company under the Scheme.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

SPONSOR'S INTERESTS

As updated and notified by the Company's sponsor, DBS Asia Capital Limited (the "Sponsor"), as at 31 December 2003, neither the Sponsor 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 the Sponsor has been retained for a fee, as the continuing Sponsor of the Company until 31 March 2004.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31 December 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee on 12 July 2001. The audit committee has two members comprising of two independent non-executive Directors, Mr. Terry Butcher and Mr. Kan Wing Fai Terry. Mr. Terry Butcher was appointed as the chairman of this committee on 3 December 2003 in place of Ms. Chung Siu Ling. Ms. Chung Siu Lung resigned as an independent non-executive Director on 3 December 2003. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control of the Group.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Directors are of the opinion that the Company has compiled with the Code of Best Practice as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the Company's listing on GEM in December 2001.

By order of the Board
Wan Chi Keung
Chairman

Hong Kong, 13 February 2004