

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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 or transfer was effected for transmission to the purchaser or the transferee.



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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8020)**

**GENERAL MANDATE TO ISSUE SECURITIES**  
**AND**  
**GENERAL MANDATE TO REPURCHASE SHARES**

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") takes no responsibility for the contents of this circular, 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 circular.

This circular, for which the directors of Wanasports Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities (the "GEM Listing Rules") on the Growth Enterprise Market of the Stock Exchange ("GEM") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) 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.

This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for 7 days from the date of its posting.

A proxy form for the annual general meeting for the year ended 31st March, 2004 is enclosed with the 2004 annual report. Whether or not you propose to attend the annual general meeting, you are requested to complete the proxy form and return the same to the Company's Branch Share Registrar in Hong Kong, Hong Kong Registrars Limited, Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting. Completion and delivery of the proxy form will not preclude you from attending and voting at the annual general meeting if you so wish.

\* for identification purpose only

2nd July, 2004

LETTER FROM THE BOARD OF DIRECTORS

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S p o r t s

威 倫 堡

**WANASPORTS HOLDINGS LIMITED**

**(威倫堡控股有限公司\*)**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8020)**

*Executive Directors*

Mr. Wan Chi Keung  
Mr. Koh Ee Woon John  
Ms. Luk Siu Hung  
Mr. Chiang Wee Tiong

*Registered office:*

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

*Independent non-executive Directors:*

Mr. Terry Ian Butcher  
Mr. Vincent Yu

*Head office and principal place*

*of business:*  
22/F, Onfem Tower,  
29 Wyndham Street,  
Central, Hong Kong

2nd July, 2004

*To the shareholders of the Company*

Dear Sir or Madam,

**GENERAL MANDATE TO ISSUE SECURITIES  
AND  
GENERAL MANDATE TO REPURCHASE SHARES**

**GENERAL MANDATE TO ISSUE SECURITIES**

At the forthcoming annual general meeting of the Company for the year ended 31st March, 2004 (the "AGM"), ordinary resolutions will be proposed to grant a general mandate to the Directors to allot, issue and otherwise deal with Securities not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution and the aggregate nominal amount of the shares repurchased under the Repurchase Mandate (as defined below). The Directors wish to state that they have no present intention to issue any new shares pursuant to such general mandate.

\* for identification purpose only

## LETTER FROM THE BOARD OF DIRECTORS

### GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed to grant a general mandate to the Directors to exercise the power of the Company to repurchase Shares (the “Repurchase Mandate”) up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution. The explanatory statement, required by the GEM Listing Rules to be sent to Shareholders, is set out in the Appendix to this circular, which contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution for the Repurchase Mandate.

### RECOMMENDATION

The relevant resolutions for the aforesaid general mandates are set out in the notice of the AGM, which is set out in the 2004 annual report of the Company despatched to the Shareholders together with this circular. The Directors are of the opinion that the granting of general mandates to issue Securities and to repurchase Shares referred to in this circular are in the best interests of the Company and its Shareholders and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
By Order of the Board  
**Wanasports Holdings Limited**  
**Wan Chi Keung**  
*Chairman*

This is an explanatory statement given to all shareholders of the Company relating to the resolution to be proposed at the AGM approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rule.

### **1. EXERCISE OF THE REPURCHASE MANDATE**

As at 24th June, 2004, being the latest practicable date prior to the printing of this circular (the "Latest Practicable Date"), the issued share capital of the Company comprised of 507,600,000 Shares of HK\$0.01 each. Subject to the passing of the resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 50,760,000 Shares.

### **2. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as it would enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders.

### **3. FUNDING OF REPURCHASES**

Any repurchase may only be financed out of funds of the Company legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The Company will not repurchase Shares on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its audited consolidated financial statements for the year ended 31st March, 2004) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing level which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months immediately before the Latest Practicable Date were as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
<b>2003</b>		
June	0.170	0.145
July	suspended*	
August	suspended*	
September	suspended*	
October	suspended*	
November	suspended*	
December	suspended*	
<b>2004</b>		
January	suspended*	
February	suspended*	
March	suspended*	
April	suspended*	
May	suspended*	
June (up to the latest practicable date)	suspended*	

\* Trading in the Shares has been suspended since 11.22 a.m. on 24th June, 2003. The last traded price of the Shares immediately prior to the suspension was HK\$0.15.

#### 5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

#### 6. DISCLOSURE OF INTEREST

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, has a present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders. No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

## 7. SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2004, the persons or corporations 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%
Mr. Chiang Wee Tiong ( <i>Note 2</i> )	138,846,000	27.35%
Ms. Tan Gek Huang ( <i>Note 3</i> )	138,846,000	27.35%

*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, a director of the Company. Mr. Chiang is deemed to be a substantial shareholder of the Company by virtue of holding the shares through the following companies:

Company name	Percentage control	Number of shares	Percentage of issued share capital
Even More Profits Limited	100%	124,990,000	24.62%
Soundtrade International Limited	100%	9,464,000	1.86%
Paulon Assets Limited	50%	4,392,000	0.8%
Quest Asset Management (Holdings) Limited	50%	4,392,000	0.8%

*Note 3:* Ms. Tan Gek Huang is the wife of Mr. Chiang Wee Tiong and is deemed to be a substantial shareholder by virtue of her spousal relationship with Mr. Chiang and her control of 50% of Paulon Assets Limited and Quest Asset Management (Holdings) Limited.

## 8. THE CODE AND MINIMUM PUBLIC HOLDING

Assuming that the substantial Shareholders do not dispose of their Shares, if the Repurchase Mandate were exercised in full, the percentage shareholdings of the substantial Shareholders before and after such repurchase would be as follows:

Substantial Shareholders	Before repurchase	After repurchase
Charming Heart Limited	31.87%	35.38%
Even More Profits Limited	24.62%	27.33%
Mr. Chiang Wee Tiong	27.35%	30.36%

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeover and Mergers (the "Code"). As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

On the basis of the shareholdings held by the substantial Shareholders named above, an exercise of the Repurchase Mandate in full will not have any implications under the Code in the case of Charming Heart Limited and Mr. Wan Chi Keung, its controlling shareholder, but will have implications under the Code in the case of Even More Profits Limited and Mr. Chiang Wee Tiong, its controlling shareholder. Should the Repurchase Mandate be exercised in full, the aggregate shareholding of Mr. Chiang Wee Tiong will become larger than 30% and he will become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

If the Directors exercise the Repurchase Mandate (whether in whole or in part), they will not exercise it to extent which would result in the number of shares being held by the public falling below the relevant minimum prescribed percentage of the Company as required by the Stock Exchange, which is currently 25% of the entire issued share capital of the Company.

## **9. SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any of the Shares (whether on GEM or otherwise) since dealing in shares on the GEM commenced on 11th December, 2001.

## **10. THE REPURCHASE MANDATE**

The resolution set out in Resolution 5 of the Notice (the "Repurchase Resolution") which will be proposed at the Annual General Meeting relates to the granting of a general and unconditional mandate to the Directors to repurchase on GEM, Shares up to a maximum of 10% of the issued share capital of the Company at the date of passing of the Repurchase Resolution.

The Repurchase Mandate would continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the articles of association or any applicable laws of the Cayman Islands to be held or the Repurchase Mandate is revoked or varied by an ordinary resolution in a general meeting by Shareholders, whichever is the earliest.