



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

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8020)

RESULTS ANNOUNCEMENT
FOR YEAR ENDED 31 MARCH 2005

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The Stock Exchange takes no responsibility for the contents of this announcement, 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 announcement.

This announcement, for which the directors (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 on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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.

* for identification only

RESULTS

The Board of Directors (the “Board”) of Wanasports Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2005 and the comparative figures of the same period of prior year as follows:

| | <i>Note</i> | For the year ended 31 March | |
|---|-------------|--|--------------------------------|
| | | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
| Turnover | 2 | 5,175 | 4,740 |
| Cost of sales | | <u>(4,604)</u> | <u>(3,124)</u> |
| Gross profit | | 571 | 1,616 |
| Other revenues | 2 | 508 | 13 |
| Depreciation and amortisation | | (592) | (625) |
| Loss on disposal of fixed assets | | – | (310) |
| Provision for doubtful debts | | (80) | (134) |
| Staff costs | | (1,652) | (2,922) |
| Operating lease rentals in respect of land and buildings | | (397) | (262) |
| Other operating costs | | <u>(1,184)</u> | <u>(2,906)</u> |
| Operating loss | 3 | (2,826) | (5,530) |
| Finance costs | 4 | (1) | (1) |
| Share of loss of an associate | | – | (56) |
| Gain/(loss) on disposal of subsidiaries | 6 | 1,816 | (63) |
| Impairment loss on exclusive cooperation right | 7 | (1,560) | – |
| Impairment loss on goodwill | | – | (115) |
| Loss before taxation | | (2,571) | (5,765) |
| Taxation | 8 | <u>–</u> | <u>–</u> |
| Loss attributable to shareholders | | <u>(2,571)</u> | <u>(5,765)</u> |
| Loss per share | | | |
| Basic | 10 | <u>0.51 cents</u> | <u>1.15 cents</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2005

| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Accumulated losses <i>HK\$'000</i> | Merger reserve <i>HK\$'000</i> | Exchange reserve <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------|-------------------------------------|-------------------------------------|--|--------------------------------------|--|--------------------------|
| At 31 March 2003 | 4,230 | 39,419 | (42,539) | (52) | – | 1,058 |
| Placement of shares | 846 | 7,614 | – | – | – | 8,460 |
| Share issuing expenses | – | (191) | – | – | – | (191) |
| Disposal of subsidiaries | – | – | – | (22) | – | (22) |
| Exchange realignment | – | – | – | – | (1) | (1) |
| Loss for the year | – | – | (5,765) | – | – | (5,765) |
| At 31 March 2004 | <u>5,076</u> | <u>46,842</u> | <u>(48,304)</u> | <u>(74)</u> | <u>(1)</u> | <u>3,539</u> |
| Disposal of subsidiaries | – | – | – | – | 1 | 1 |
| Loss for the year | – | – | (2,571) | – | – | (2,571) |
| At 31 March 2005 | <u>5,076</u> | <u>46,842</u> | <u>(50,875)</u> | <u>(74)</u> | <u>–</u> | <u>969</u> |

The merger reserve represents the difference between the nominal value of the shares of subsidiaries acquired pursuant to a group reorganisation in preparation for the listing of the Company's shares in the GEM in 2001 and the nominal value of the Company's shares issued in exchange therefor.

Consolidated loss for the year attributable to shareholders is retained by:

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|----------------------------------|-------------------------|-------------------------|
| The Company and its subsidiaries | (2,571) | (5,709) |
| An associate | – | (56) |
| | <u>(2,571)</u> | <u>(5,765)</u> |

CONSOLIDATED BALANCE SHEET

As at 31 March 2005

| | <i>Note</i> | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|---|-------------|--------------------------------|--------------------------------|
| Non-current assets | | | |
| Fixed assets | | 180 | 230 |
| Club membership | | 288 | 288 |
| Intangible assets | | – | 2,250 |
| Interest in an associate | | – | (140) |
| | | <u>468</u> | <u>2,628</u> |
| Current assets | | | |
| Short-term investment | | 401 | 51 |
| Trade receivables | <i>11</i> | – | 1,047 |
| Prepayments, deposits and other receivables | | 286 | 275 |
| Amount due from a director of a subsidiary | | – | 99 |
| Amount due from a related company | | – | 360 |
| Tax recoverable | | – | 11 |
| Cash and bank balances | | 205 | 1,073 |
| | | <u>892</u> | <u>2,916</u> |
| Current liabilities | | | |
| Trade payables | <i>12</i> | – | 799 |
| Other payables and accruals | | 391 | 1,173 |
| Amount due to an associate | | – | 31 |
| Obligations under finance leases | | – | 2 |
| | | <u>391</u> | <u>2,005</u> |
| Net current assets | | <u>501</u> | <u>911</u> |
| Total assets less current liabilities | | <u>969</u> | <u>3,539</u> |
| Capital and reserves | | | |
| Share capital | | 5,076 | 5,076 |
| Reserves | | (4,107) | (1,537) |
| Shareholders' funds | | <u>969</u> | <u>3,539</u> |

NOTES TO FINANCIAL STATEMENTS

1. Basis of presentation

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounts have been prepared under the historical cost convention as modified with respect to the measurement of other investments as explained in the respective accounting policies below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. Turnover and revenues

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are the design, sourcing and distribution of casual wear, sportswear and lifestyle garment products and accessories. Revenues recognised during the year are as follows:

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Turnover | | |
| Sale of garment products and accessories | 5,175 | 4,740 |
| Other revenues | | |
| Reimbursement of expenses from a former director | 500 | – |
| Interest income | 8 | 13 |
| | 508 | 13 |
| Total revenues | <u>5,683</u> | <u>4,753</u> |

3. Operating loss

The operating loss is stated after charging/(crediting) the following:–

| | 2005 <i>HK\$'000</i> | Group 2004 <i>HK\$'000</i> |
|--|--------------------------------|--|
| Auditors' remuneration | 124 | 157 |
| Amortisation of intangible assets | 520 | 520 |
| Depreciation of owned fixed assets | 72 | 62 |
| Depreciation of fixed assets held under finance leases | – | 1 |
| Loss/(gain) on disposal of other investments | 86 | (10) |
| Staff costs (excluding directors' remuneration) | | |
| – basic salaries and allowance | 1,362 | 1,664 |
| – retirement scheme contributions | 67 | 45 |
| Net exchange gain | <u>(8)</u> | <u>(1)</u> |

4. Finance costs

| | 2005 <i>HK\$'000</i> | Group 2004 <i>HK\$'000</i> |
|------------------------------------|--------------------------------|--|
| Interest element of finance leases | <u>1</u> | <u>1</u> |

5. Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segments is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

No segment information by business segment is presented as the Group primarily operated in a single business segment which was the design, sourcing and distribution of casual wear, sportswear and lifestyle garment products and accessories.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment asset and capital expenditures are based on the geographical location of the assets.

The following is the analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|--------------------------|--------------------------------|--------------------------------|
| United Kingdom | 5,030 | 3,255 |
| Hong Kong | 145 | 1,045 |
| United States of America | <u>–</u> | <u>440</u> |
| | <u>5,175</u> | <u>4,740</u> |

The following is an analysis of the carrying amount of the segment assets by geographical location of assets.

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|--------------------------|--------------------------------|--------------------------------|
| Hong Kong | 1,360 | 4,981 |
| United Kingdom | – | 554 |
| United States of America | – | 9 |
| | <u>1,360</u> | <u>5,544</u> |

6. Disposal of subsidiaries

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|-----------------------------|--------------------------------|--------------------------------|
| Fixed assets | 16 | 13 |
| Cash and bank balances | 114 | 172 |
| Trade and other receivables | 367 | – |
| Prepayments | 4 | – |
| Tax recoverable | 14 | – |
| Trade and other payables | (2,002) | – |
| Net (liabilities)/assets | (1,487) | 185 |
| Goodwill | 170 | – |
| Exchange reserve | 1 | – |
| Merger reserve | – | (22) |
| Gain/(loss) on disposal | 1,816 | (63) |
| Total consideration | <u>500</u> | <u>100</u> |

The analysis of net inflow/(outflow) of cash and cash equivalents in respect of the disposal is as follows:

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Cash consideration received | 500 | 100 |
| Cash and bank balances disposed of | (114) | (172) |
| Net inflow/(outflow) of cash and cash equivalents | <u>386</u> | <u>(72)</u> |

The subsidiaries disposed in 2005 contributed approximately HK\$5,175,000 (2004: HK\$4,740,000) to the Group's turnover, and approximately HK\$965,000 (2004: HK\$318,000) to the Group's operating loss.

7. Intangible assets

| Company | Exclusive cooperative right HK\$'000 |
|--|---|
| Cost | |
| At 31 March 2005 and 2004 | <u>2,600</u> |
| | <i>(note (i))</i> |
| Accumulated amortisation and impairment loss | |
| At 31 March 2004 | 520 |
| Charge for the year | 520 |
| Impairment loss <i>(note (ii))</i> | <u>1,560</u> |
| At 31 March 2005 | <u>2,600</u> |
| Net book value | |
| At 31 March 2005 | <u>–</u> |
| At 31 March 2004 | <u>2,080</u> |

Note:

- (i) There is a cooperation agreement (“the Agreement”) entered between The Stellar Group Limited (“Stellar”), a company incorporated in England and Quest Capital Markets Limited (“QCM”), a company incorporated in Hong Kong on 19 December 2002 for the cooperation of the two companies on an exclusive basis in the management of sportspeople and the planning and holding of sporting events in the PRC. On 17 April 2003, QCM and the Company entered into an agreement whereby QCM agreed to sign and procure Stellar to sign a novation agreement for the transfer of the exclusive co-operation right with Stellar to the Company at a consideration of HK\$2.6 million. On 7 May 2003, the Company entered into a deed of novation and amendment with QCM and Stellar, pursuant to which the Company assumes all the rights, liabilities and obligations of QCM under the Agreement.
- (ii) The directors have reviewed the carrying value of the intangible assets over the Group’s existing business circumstances and made a full provision for impairment loss in accordance with the Group’s accounting policy.

8. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group has no assessable profit for the year (2004: Nil).

As at 31 March 2005, the Group had unrecognised deferred tax asset of approximately HK\$802,000 (2004: approximately HK\$97,000) which represents the tax effect of unused tax losses. Such deferred tax asset was not recognised in the accounts as it is uncertain whether future taxable profits will be available against which deductible temporary differences can be utilised.

As at 31 March 2005 and 2004, the Company had no material unprovided deferred tax liabilities.

9. Dividends

No dividends had been paid or declared by the Company during the year (2004: Nil).

10. Loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of HK\$2,571,000 (2004: HK\$5,765,000 loss) and the weighted average number of 500,896,721 (2004: 500,896,721) shares in issue during the year.

Diluted loss per share for the year has not been presented because there were no dilutive potential ordinary shares outstanding during the two years ended 31 March 2005.

11. Trade receivables – Group

The Group normally grants credit period ranging from 30 days to 60 days to its trade debtors. As at 31 March 2005, the ageing analysis of trade receivable was as follows:

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| 0 – 3 months | – | 828 |
| 4 – 6 months | – | 352 |
| | – | 1,180 |
| <i>Less: provision for doubtful debts</i> | – | (133) |
| | – | 1,047 |

12. Trade payables – Group

| | 2005 <i>HK\$'000</i> | 2004 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 – 3 months | – | 431 |
| 4 – 6 months | – | 368 |
| | – | 799 |

BUSINESS REVIEW

During the year ended 31 March 2005, business environment continued to be challenging. The Group disposed of its main operating subsidiaries, Colonial Ventures Limited, Concepts Only (UK) Limited and Concepts Only Limited on 31 December 2004 as the subsidiaries had been operating at losses to the Group. The subsidiaries were sold back to a former executive director of the Group, Mr. Koh Ee Woon John at HK\$500,000 which is the same as the cost of acquisition of the subsidiaries. In an attempt to maintain the Group during hard times, on 4 February 2005 the board of directors of the Group agreed to waive their salaries and fees from 1 June 2004 to 31 March 2005.

SUSPENSION OF TRADING OF THE COMPANY'S SHARES

Trading of the Company's shares were suspended from 11:22 a.m. on 24 June 2003. The Company is working closely with its financial advisers and the Stock Exchange to achieve the resumption of trading in the shares of the Company at the soonest possible opportunity.

FUTURE PLANS AND PROSPECTS

After disposal of the subsidiaries, the board of directors has been working hard on seeking strategic business partners. On 19 May 2005, the Stock Exchange's Listing Committee resolved to endorse the Division's proposal to proceed to the cancellation of the Company's listing pursuant to Rule 9.14 of the GEM Listing Rules. The Company has a period of six months for the submission of a viable resumption proposal, otherwise the Division will seek the approval of the Listing Committee to cancel the listing of the Company on 19 November 2005.

However, the board of directors is of the opinion that the possibility of cancellation of the Company's listing is remote for the following grounds:

- i) the Group is considering entering into a sale agreement with a company which operates a chain of department stores in China for sale of the Group's products;
- ii) an independent third party has responded favourably to a convertible bonds of HK\$6,000,000 to be issued by the Company. Consequently, the board of directors is confident that once substantial business operation has resumed, resumption of trading of the Company's shares can be anticipated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial resources and liquidity

As at 31 March 2005, shareholders' interests in the Group amounted to approximately HK\$969,000. Current assets amounted to approximately HK\$892,000, of which approximately HK\$205,000 were cash and bank deposits. The Group had current liabilities of HK\$391,000, which mainly comprised of trade and other payables.

A summary of the liquidity position of the Group as at 31 March 2005 is as follows:

| | 31 March 2005 <i>HK\$'000</i> | 31 March 2004 <i>HK\$'000</i> |
|---------------------|---|---|
| Current assets | 892 | 2,916 |
| Current liabilities | 391 | 2,005 |
| | <hr/> | <hr/> |
| Net current assets | <u>501</u> | <u>911</u> |

The Group's gearing ratio was 0.4 as at 31 March 2005 (31 March 2004: 0.57). Gearing ratio is calculated as current liabilities to total equity.

Foreign exchange exposure

The Group employs financial instruments for the hedging of its foreign exchange exposure. The net profit and loss of such hedging during the period is minimal.

Capital structure

The capital structure of the Group remained the same throughout the year.

Charges on group assets

There are no assets of the Group pledged to banks as security for general banking facilities granted to the Group.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 March 2005.

Capital commitments

The Group had no capital commitment for future material investment as at 31 March 2005.

Material acquisitions and disposals

On 31 December 2004, the Group disposed of Colonial Ventures Limited and its wholly owned subsidiaries, Concepts Only Limited and Concepts Only (UK) Limited at a consideration of HK\$500,000.

The gain on the disposals of the said subsidiaries has been dealt with in the consolidated profit and loss account.

Save as disclosed above, there is no other material acquisition or disposal of subsidiaries for the year ended 31 March 2005.

Employee information

During the year ended 31 March 2005, employee costs, excluding Director's emoluments, totalled approximately HK\$1.4 million.

As at 31 March 2005, the Group had three full time employees. The Directors believe that the Group has maintained a good relationship with its employees.

Mandatory provident fund scheme

The Group operates two mandatory provident fund schemes (the "MPF schemes") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all eligible employees of the Group in Hong Kong. The Group's contributions are 5% of the employee's relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK\$1,000 per employee per month. The employees also contribute a corresponding amount to the relevant MPF scheme if their relevant income is more than HK\$5,000 per month. The contributions to the MPF schemes are fully and immediately vested in the employees as accrued benefits once they are paid. The assets of the MPF schemes are held separately from those of the Group in an independently administered fund.

Share options

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 20 November 2001 and will expire on 10 December 2011. Under the Scheme, the board of Directors of the Company may, at their discretion, invite any employees, directors of the Company and/or its subsidiaries, any consultants, suppliers or customers of the Group to subscribe for shares in the Company.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not, in aggregate, exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any 12-month period up to the date of grant is not permitted to exceed 1% of the shares of the Company in issue at the date of grant, without prior approval from the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the date of expiry of the option as may be determined by the Directors which shall not exceed ten years from the date of grant of the options. The exercise price is determined by the Directors of the Company, and will not be less than the highest of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

As at 31 March 2005, no option has been granted or agreed to be granted by the Company under the Scheme.

Purchase, redemption or sale of listed securities of the company

During the year ended 31 March 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Contracts of significance

Save as disclosed below, no contracts of significance in relation to the Company's business to which the Company or its subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected transactions

On 31 December 2004, the Group disposed of its entire 100% interests in subsidiaries, Colonial Ventures Limited, Concepts Only (UK) Limited and Concepts Only Limited, to a former director, Mr. Koh Ee Woon John, for a consideration of HK\$500,000. The Group realised a net gain of approximately HK\$1,816,000 on these transactions.

Board practices and procedures

Throughout the year, the Company was in compliance with the Board Practices and Procedures as set out in rules 5.28 to 5.39 of the Listing Rules.

Directors' interest in competing business

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.

Audit committee

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties and comprises the three independent non-executive Directors, Mr. Terry Ian Butcher, Mr. Chan Cher Boon and Mr. Vincent Yu. Mr. Butcher is the chairman of this committee. The audit committee met four times during the year to review and supervise the group's financial reporting process and internal control system.

By order of the Board
Chiang Wee Tiong
Director

Hong Kong, 23 June 2005

As at the date hereof, the Company has the following Directors:

Executive Directors

Mr. Wan Chi Keung

Mr. Chiang Wee Tiong

Ms. Luk Siu Hung

Mr. Ian George Dallas

Independent non-executive Directors

Mr. Terry Butcher

Mr. Vincent Yu

Mr. Chan Cher Boon

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.