



## **WANASPORTS HOLDINGS LIMITED**

**(威倫堡控股有限公司\*)**

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

**(Stock Code: 8020)**

### **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.**

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*This announcement, 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 the Growth Enterprise Market of the Stock Exchange (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

## FIRST QUARTER RESULTS (UNAUDITED)

The board of Directors (the “Board”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 30 June 2005 together with the comparative unaudited figures for the corresponding periods in 2004 as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	<i>Note</i>	<b>Three months ended 30 June</b>	
		<b>2005 HK\$'000</b>	<b>2004 HK\$'000</b>
Turnover	2	–	2,067
Cost of sales		–	(1,696)
Gross Profit		–	371
Other revenues	2	19	1
Selling and distribution expenses		–	–
General and administrative expenses		(509)	(1,224)
Operating loss	4	(490)	(852)
Finance costs	3	–	(3)
Loss before taxation		(490)	(855)
Taxation	5	–	–
Share of loss of an associated company		–	–
Loss attributable to shareholders		(490)	(855)
Dividend per share	6	–	–
Loss per share – basic	7	(0.1 cent)	(0.16 cent)

## STATEMENT OF CHANGE IN EQUITY

Three months ended 30 June 2005

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2004	5,076	46,842	(74)	(48,304)	(1)	3,539
Loss for the period	—	—	—	(855)	—	(855)
As at 30 June 2004	<u>5,076</u>	<u>46,842</u>	<u>(74)</u>	<u>(49,159)</u>	<u>(1)</u>	<u>2,684</u>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2005	5,076	46,842	(74)	(50,875)	—	969
Loss for the period	—	—	—	(490)	—	(490)
As at 30 June 2005	<u>5,076</u>	<u>46,842</u>	<u>(74)</u>	<u>(51,365)</u>	<u>—</u>	<u>479</u>

### NOTES

#### 1. Group reorganisation and basis of presentation

The unaudited consolidated results of the Group for the three months ended 30 June 2005 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 unaudited condensed financial statements of the Group have been prepared in accordance with all applicable new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (together as “New HKFRSs”) and the applicable disclosure requirements of the GEM Listing Rules.

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of New HKFRSs which are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted the New HKFRSs in the preparation of accounts for the period. The adoption of the New HKFRSs did not result in substantial changes to the Group’s accounting policies, financial statement disclosures or presentation as compared to that used in the preparation of the annual financial statements as of and for the year ended 31 March 2005.

## 2. Turnover and revenue

The Group was dormant during the period. Revenues recognised during the period are as follows:

	Three months ended 30 June	
	2005 HK\$'000	2004 HK\$'000
Turnover	–	2,067
Gain on disposal of a subsidiary	19	–
Sundry income	–	1
Total revenues	<u>1</u>	<u>2,068</u>

## 3. Finance costs

	Three months ended 30 June	
	2005 HK\$'000	2004 HK\$'000
Bank charges	–	2
Bank interest	–	1
	<u>–</u>	<u>3</u>

## 4. Operating Loss

The operating loss is stated after charging the following:–

	Three months ended 30 June	
	2005 HK\$'000	2004 HK\$'000
Cost of inventories sold	–	1,696
Depreciation of fixed assets	19	1
Staff cost		
– Directors' salaries and allowances	120	346
– basic salaries and allowances	117	630
– retirement scheme contributions	6	40
	<u>6</u>	<u>40</u>

## 5. Taxation

No Hong Kong profits tax has been provided for as the Group did not generate any assessable profits arising in Hong Kong during the period under review and the corresponding period in 2004.

No deferred tax assets have been recorded in the accounts as it is uncertain whether there will be sufficient taxable profits to utilize the tax loss carried forward.

## **6. Dividend**

The Directors do not recommend the payment of dividend for the period (2004: Nil).

## **7. Loss per share**

The calculation of the basic loss per share for the three months ended 30 June 2005 is based on the unaudited consolidated loss attributable to shareholders of HK\$489,792 (2004: HK\$854,721) and the weighted average number of 507,600,000 (2004: 507,600,000) ordinary shares outstanding during the period.

No diluted loss per share for the three months ended 30 June 2005 and the corresponding period in 2004 is presented because there were no dilutive potential ordinary shares in existence during the period.

## **BUSINESS REVIEW**

During the year ended 31 March 2005, the Group disposed of its main operating subsidiaries, Colonial Ventures Limited, Concepts Only (UK) Limited and Concepts only limited as the subsidiaries had been operating at losses to the Group. Since then, the board of directors has been working hard on seeking strategic business partners.

## **FUTURE PROSPECTS**

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 has entered into a sale and distribution agreement with a company which operates a chain of department stores in China for sale of the Group's products.

After disposal of the main operating subsidiaries, Colonial Ventures Limited, Concepts Only (UK) Limited and Concepts Only Limited which had been operating at losses to the Group, the board has been working hard on seeking strategic business partners to formulate substantial business operations in an attempt to provide a viable resumption proposal for the Stock Exchange's consideration. The Board has screened through several options and eventually came to the conclusion that it is in the best interest of the Company and its shareholders to form strategic business alliance with a Strategic Partner. The agreement was signed on 23 June 2005 and will be effective for the two years ending on 30 June 2007.

Hong Kong Causeway Bay Group Limited is a Hong Kong incorporated company, 91% owned by Mr. Chan Zhi, with years of experience operating more than twenty department stores in various provinces and cities in China, namely Shenzhen, Dongguan, Beijing, Wuhan, Chengdu, Nanjing. In addition, the Strategic Partner operates certain giant malls in China, accredited by ISO9001. The Strategic Partner is independent of and not connected with the Company nor with the directors, chief executive or substantial shareholders of the Company, and any of their subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules.

The terms of the agreement are summarized as follows:

1. The Company designs sportswear and casual wear with its brand name “Wanasports”, “Tanmix”, “Bigfor” and “Getalife” and produces golf and related products by its contracting manufacturers and bulk sell to the Strategic Partner;
2. The Strategic Partner will establish designated sale counters under the brand name of “Wanasports” in its eighteen department stores and will be responsible for the operating costs of those counters. The Company will recruit experienced sales team for daily sales operations;
3. The Strategic Partner will sell the Company’s products in its department stores. The total value of the apparel products to be bought from the Company is not to be less than RMB20,000,000 during the whole period of the duration of the agreement which will expire on 30 June 2007;
4. The Strategic Partner will be responsible for all sales promotion activities and will decide on its own discretion retail prices of the products;
5. The price of all products which the Company will charge the Strategic Partner on a cost-plus basis, which will be about 30% to 50% on top of our production cost. The Strategic Partner will settle the amount due to the Company on the 30th day after the products have been sold, and will bear the costs of all products unsold to ultimate customers; and
6. The Group will finance the re-open of the operation by internal funds and additional borrowings which may be in the form of issue of convertible bonds as and when required.

The Company has recently visited one of the giant malls in which the Strategic Partner situates its department store, South China Mall. It is the first Mega Theming Shopping Park of China, Dongguan. It is an economic hotspot sign of Chinese commerce, with a business area of 500,000 square meters, 1,000 famous brand stores, 150 dining halls and 110 dinettes, 19 theatres, the average consumers per day reached 100,000 person-times per day and it has a turnover of more than 5 billion Yuan per year. The Company has been substantially impressed by the excellent management of the mall, its elegance and supporting facilities in its surroundings. Given the accumulated years of retail sales experience by the Strategic Partner, the Board is of the opinion that business opportunities are enormous as the Company is capable of producing top quality of products with good design. To this end, the Company has engaged two designers, Mr. Lian Wei and Mrs. Sophie Liang. Mr. Lian graduated from Beijing Fashion College, majored in designing and got a bachelor degree of arts. He was an art director of Japan Akila (China) Limited and creative director of Japan Kato Group and was responsible for strategic marketing analysis and is aware of the trend and taste of the Company’s targeting consumers in the China’s markets, the middle to high value end of the consumer market. Mrs. Liang graduated from Capital Normal University, majored in arts and got a diploma in marketing. She was the marketing communications manager of American ERSA System Company and specializes in E-business. The products will be designed by our own design team and produced by our nominated manufacturers and subcontractors. In the mean time, the Company is seeking manufacturers who are capable to produce good quality of sportswear and casual wear in accordance with the Company’s design and specifications. Further announcement will be made as and when appropriate.

- (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.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES**

As at 30 June 2005, 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 5.46 to 5.67 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**

<b>Name of Director</b>	<b>Type of interest</b>	<b>Number of shares</b>	<b>Percentage of issued share capital</b>
Mr. Wan Chi Keung	Corporate ( <i>Note 1</i> )	161,750,000	31.87%
Mr. Chiang Wee Tiong	Corporate ( <i>Note 2</i> )	138,846,000	27.35%

*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. Chiang Wee Tiong held shares through the following companies:

<b>Company name</b>	<b>Percentage control</b>	<b>Number of shares</b>	<b>Percentage of issued share capital</b>
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%

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 30 June 2005, 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 30 June 2005, 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 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, the interest of the shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares 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 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Percentage of issued share capital</b>
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%
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.

*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. Reference should be made to the details of the interests of Mr. Chiang disclosed in the section above entitled “directors’ and chief executive’s interests and short positions in shares and debentures”

### INTERESTS AND SHORT POSITIONS OF OTHER PERSONS

As at 30 June 2005, no other shareholders or other persons had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.



## **SHARE OPTION SCHEME**

The Company has conditionally adopted the Scheme on 20 November 2001. As at 30 June 2005, no option has been granted or agreed to be granted by the Company under the Scheme.

## **COMPETING INTERESTS**

As at 30 June 2005, 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.

## **BOARD PRACTICES AND PROCEDURES**

Throughout the period, the Company was in compliance with the Board Practices and Procedures as set out in rules 5.34 to 5.45 of the Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the three months ended 30 June 2005, 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 now has two members comprising of two Independent Non-Executive Directors, Mr. Terry Butcher and Mr. Vincent Yu. Mr. Terry Butcher was appointed as the chairman of this committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control of the Group.

## **NON COMPLIANCE WITH REQUIREMENTS FOR INDEPENDENT NON-EXECUTIVE DIRECTOR AND AUDIT COMMITTEE**

Following the resignation of Mr. Chan Cher Boon on 23 June 2005 as independent non-executive director and audit committee member, the Company has two independent non-executive Directors and two audit committee members only.

Pursuant to Rules 5.05, 5.08 and 5.28 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), the board of directors of every listed issuer must include at least three independent non-executive directors and three audit committee member.

The Company will commence its efforts immediately to seek a suitable candidate for appointment as a new independent non-executive director and audit committee member of the Company as soon as practicable. The Company aims to rely on referrals and personal introductions to seek a potential candidate for appointment. Further announcements will be made by the Company as and when appropriate.

By order of the Board  
**Chiang Wee Tiong**  
*Executive Director*

Hong Kong, 11 August 2005

As at the date thereof, the Board comprises the following six directors:

*Executive Directors*

Ms. Luk Siu Hung

Mr. Chiang Wee Tiong

Mr. Ian George Dallas

*Independent Non-Executive Directors*

Mr. Terry Butcher

Mr. Vincent Yu

*This announcement will remain on the “Latest Company Announcements” page of the GEM website with the domain name [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.wanasports.net](http://www.wanasports.net).*