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

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

SALE AND DISTRIBUTION AGREEMENT

The board of directors of Wanasports Holdings Limited is pleased to announce that the Company has entered into a sale and distribution agreement with Hong Kong Causeway Bay Group Limited which operates a chain of department stores in China for sale of the Company's products.

Shareholders and investors should note that the release of this announcement does not in any way imply that conditions to resumption of trading of the Company's shares will be met. Shareholders and investors should exercise caution that the Company has received a letter dated 20 May 2005 from the Stock Exchange giving notice that the Stock Exchange proposes to exercise its right to cancel the listing of the Company on the expiry of the six months period on 19 November 2005, if the Company cannot submit a viable resumption proposal at least 10 business days before the expiry of the six months period from the date of the letter. At the request of the Company, trading in the Company's shares has been suspended with effect from 11:22 a.m., 24 June 2003, and will continue to be suspended.

The board of directors ("the Board") of Wanasports Holdings Limited ("the Company") is pleased to announce that the Company has entered into a sale and distribution agreement with Hong Kong Causeway Bay Group Limited ("the Strategic Partner") which operates a chain of department stores in China for sale of the Company's products.

REASON FOR THE SALE AND DISTRIBUTION AGREEMENT

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 sale agreement was signed on 23 June 2005 and will be effective for the two years ending on 30 June 2007.

* for identification only

BACKGROUND OF THE STRATEGIC PARTNER

Hong Kong Causeway Bay Group Limited is a Hong Kong incorporated company, 91% beneficially owned by Mr. Chan Zhi and 9% beneficially owned by Cheung Sau Kwan, 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, Mr. Chan and Cheung Sau Kwan are independent of and not connected with the Company nor with the directors, chief executive or substantial shareholders or management shareholders of the Company, and any of their subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules. To the best of knowledge of the Company, the Company or any of its substantial shareholders have no intention to sell shares to the Strategic Partner or Mr. Chan or Cheung Sau Kwan.

SUMMARY OF THE TERMS OF THE SALE AGREEMENT

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, the supply to the Strategic Partner is not exclusive;
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 by the Strategic Partner commencing in August 2005 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, no stock is allowed be returned from the Strategic Partner;
6. The Group will finance the re-open of the operation, the amount required of which is estimated at HK\$2 million by internal funds and additional borrowings which may be in the form of issue of convertible bonds as and when required; and
7. The sale and distribution agreement become unconditional upon signing of the agreement.

EVALUATION OF BUSINESS PROSPECTS

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.

The Group has been engaging in the design, sourcing and distribution of casual wear, sportswear and lifestyle products and apparels over the past few years. Armed with the expertise experience in the fashion and distribution fields and under the lead of excellent design team, the directors are quite confident that the alliance with the Strategic Partner will give satisfactory geographical spread and coverage of business.

Shareholders and investors should note that the release of this announcement does not in any way imply that conditions to resumption of trading of the Company's shares will be met. Shareholders and investors should exercise caution that the Company has received a letter dated 20 May 2005 from the Stock Exchange giving notice that the Stock Exchange proposes to exercise its right to cancel the listing of the Company on the expiry of the six months period on 19 November 2005, if the Company cannot submit a viable resumption proposal at least 10 business days before the expiry of the six months period from the date of the letter. At the request of the Company, trading in the Company's shares has been suspended with effect from 11:22 a.m., 24 June 2003, and will continue to be suspended.

By order of the board
Chiang Wee Tiong
Director

Hong Kong, 19 August 2005

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

Executive Directors

Mr. Chiang Wee Tiong

Ms. Luk Siu Hung

Mr. Ian George Dallas

Independent non-executive Directors

Mr. Terry Ian Butcher

Mr. Vincent Yu

This announcement, for which the Directors 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 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.