

WANA

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)

**THIRD QUARTERLY REPORT
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 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 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 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 (the "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 2005 together with the comparative figures for the corresponding periods in 2004 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Note	Nine months ended 31 December		Three months ended 31 December	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	5	5,189	5	441
Cost of sales		<u>2</u>	<u>(4,605)</u>	<u>2</u>	<u>(610)</u>
Gross Profit		3	584	3	(169)
Other revenues	2	(18)	(41)	(19)	(54)
Selling and distribution expenses		-	-	-	-
General and administrative expenses		<u>(1,578)</u>	<u>(2,033)</u>	<u>(530)</u>	<u>936</u>
Operating profit/(loss)	4	(1,593)	(1,490)	(546)	713
Finance costs	3	<u>(1)</u>	<u>(9)</u>	<u>(1)</u>	<u>(3)</u>
Profit/(loss) before taxation		(1,594)	(1,499)	(547)	710
Taxation	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) attributable to shareholders		<u>(1,594)</u>	<u>(1,499)</u>	<u>(547)</u>	<u>710</u>
Dividend per share	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) per share – basic	7	<u>(0.31 cents)</u>	<u>(0.29 cents)</u>	<u>(0.1 cents)</u>	<u>0.13 cents</u>

STATEMENT OF CHANGE IN EQUITY

Nine months ended 31 December 2005

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Accumulated loss HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
As at 1 April 2005	5,076	46,842	(74)	(50,875)	-	969
Loss for the period	-	-	-	(1,594)	-	(1,594)
As at 31 December 2005	5,076	46,842	(74)	(52,469)	-	(625)

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Accumulated loss HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
As at 1 April 2004	5,076	46,842	(74)	(48,304)	(1)	3,539
Loss for the period	-	-	-	(287)	-	(287)
As at 31 December 2004	5,076	46,842	(74)	(48,591)	(1)	3,252

NOTES TO FINANCIAL STATEMENTS

1. Group reorganisation and basis of presentation

The unaudited consolidated results of the Group for the nine months ended 31 December 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 consolidated financial information has been prepared in accordance with all applicable Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The unaudited consolidated financial information has been prepared in accordance with HKFRSs and interpretations issued and effective as at the time of preparing this information. The results have been reviewed by the Group's Audit Committee.

The unaudited consolidated financial information has been prepared under the historical cost convention, as modified by revaluation of financial assets which are classified as financial assets at fair value through profit or loss.

The accounting policies and basis of presentation used in interpreting of these unaudited financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2005.

2. Turnover and revenue

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

	Nine months ended 31 December 2005		Three months ended 31 December 2005	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	5	5,189	5	441
Other revenues	(18)	(41)	(19)	(54)
Total revenues	<u>(13)</u>	<u>5,148</u>	<u>(14)</u>	<u>387</u>

Other revenue consists of gain/loss on disposal of subsidiaries and net income/(loss) derived from the trading of marketable securities for treasury purposes.

3. Finance costs

	Nine months ended 31 December 2005		Three months ended 31 December 2005	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Bank charges	1	9	1	3
Bank interest	-	-	-	-
	<u>1</u>	<u>9</u>	<u>1</u>	<u>3</u>

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging the following:-

	Nine months ended 31 December 2005		Three months ended 31 December 2005	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Cost of inventories sold	2	4,605	2	610
Depreciation of fixed assets	71	57	26	30
Staff cost				
- basic salaries and allowances	852	1,223	309	(549)
- retirement scheme contributions	14	109	4	25
	<u>14</u>	<u>109</u>	<u>4</u>	<u>25</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.

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 nine months ended 31 December 2005 is based on the unaudited consolidated loss attributable to shareholders of HK\$1,594,000 (2004: HK\$1,499,000) 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 nine months ended 31 December 2005 and the corresponding period in 2004 is presented because there were no dilutive potential ordinary shares in existence during the period.

BUSINESS REVIEW AND FUTURE PROSPECTS

During the review period, the Group opened its first sale shop in Shenzhen in October and another one in December 2005 under The Hong Kong Causeway Bay Group Limited. The Group expects that more and more sale shops will be opened in a measured pace. The Group is pleased to announce that turnover for the period from 1 January 2006 to 10 February 2006 was increased to about HK\$280,000.

The Group has just entered into an agreement with Zakspeed Asia Limited which has agreed to grant its trademark, Zakspeed, exclusively to the Group for the Group's clothing and accessories business. Zakspeed Asia Limited has also agreed to subscribe for the Group's issue of HKD 3 million convertible bonds, subject to the passing of an extraordinary general meeting.

A meeting with the Listing (Review) Committee will be held on 14 February 2006 to review the ruling of the Listing Committee's decision to delist the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND DEBENTURES

As at 31 December 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

Name of Director	Type of interest	Number of shares	Percentage of issued share capital
Mr. Chiang Wee Tiong	Corporate (<i>Note 1</i>)	138,846,000	27.35%

Note 1: Mr. Chiang Wee Tiong held 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%

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 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 31 December 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 SHAREHOLDERS

As at 31 December 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:

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%
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 31 December 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 31 December 2005, no option has been granted or agreed to be granted by the Company under the Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as the share option scheme disclosed above, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executive or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any of such right.

COMPETING INTERESTS

As at 31 December 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31 December 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 Ian Butcher and Mr. Vincent Yu. Mr. Terry Ian 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 DIRECTORS 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 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 members.

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, 13 February 2006

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

Executive Directors

Mr. Ian George Dallas

Ms. Luk Siu Hung

Mr. Chiang Wee Tiong

Independent Non-Executive Directors

Mr. Terry Ian Butcher

Mr. Vincent Yu