

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)

**INTERIM 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.

INTERIM 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 six months ended 30 September 2005 together with the comparative figures for the corresponding periods in 2004 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		Six months ended 30 September		Three months ended 30 September	
	Note	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	-	4,748	-	2,681
Cost of sales		-	(3,995)	-	(2,299)
Gross Profit		-	753	-	382
Other revenues	2	1	13	(18)	12
Selling and distribution expenses		-	-	-	-
General and administrative expenses		(1,048)	(2,969)	(539)	(1,745)
Operating loss	4	(1,047)	(2,203)	(557)	(1,351)
Finance costs	3	-	(6)	-	(3)
Loss before taxation		(1,047)	(2,209)	(557)	(1,354)
Taxation	5	-	-	-	-
Loss attributable to shareholders		(1,047)	(2,209)	(557)	(1,354)
Interim dividend per share	6	-	-	-	-
Loss per share – basic	7	(0.21 cents)	(0.44 cents)	(0.11 cents)	(0.27 cents)

CONSOLIDATED BALANCE SHEET

		As at	
		30 September	31 March
		2005	2005
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Fixed assets	8	229	180
Club membership		288	288
		<hr/>	<hr/>
		517	468
		<hr/>	<hr/>
Current assets			
Prepayments, deposits and other receivables		228	286
Marketable securities	11	236	401
Cash and bank balances		33	205
		<hr/>	<hr/>
		497	892
		<hr/>	<hr/>
Current liabilities			
Due to a director	10	670	–
Accruals, provisions and other payables		422	391
		<hr/>	<hr/>
		1,092	391
		<hr/>	<hr/>
Net current assets/(liabilities)		(595)	501
		<hr/>	<hr/>
Total assets less current liabilities		(78)	969
		<hr/>	<hr/>
Capital and reserves			
Share capital	9	5,076	5,076
Reserves		(5,154)	(4,107)
		<hr/>	<hr/>
Shareholders' funds		(78)	969
		<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENTS

		Six months ended	
		30 September	
		2005	2004
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	13	(78)	195
Returns on investments and servicing of finance			
Interest received		-	-
Interest element of finance leases		-	-
Proceeds from disposal of subsidiaries		-	-
Net cash inflow/(outflow) from returns on investments and servicing of finance		-	-
Investing activities			
Purchase of fixed assets		(94)	(35)
Increase in intangible assets		-	-
Payment on disposal of associate		-	(170)
Consideration paid for acquisition of subsidiaries		-	-
Consideration paid for acquisition of an associated company		-	-
Expenses paid in connection with disposal of subsidiaries		-	-
Net cash outflow from investing activities		(94)	(205)
Net cash outflow before financing activities		(172)	(10)
Financing activities			
Share monies received		-	-
Capital element of finance lease payable		-	-
Net cash inflow/(outflow) from financing activities		-	-
Increase/(decrease) in cash and cash equivalents		(172)	(10)
Cash and cash equivalents at beginning of period		205	1,073
Cash and cash equivalents at end of period		33	1,063
Analysis for balance of cash and cash equivalents			
Cash and bank balances		33	1,063

STATEMENT OF CHANGE IN EQUITY

Six months ended 30 September 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	-	-	-	(1,047)	-	(1,047)
As at 30 September 2005	5,076	46,842	(74)	(51,922)	-	(78)
	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	-	-	-	(2,209)	-	(2,209)
As at 30 September 2004	5,076	46,842	(74)	(50,513)	(1)	1,330

NOTES TO FINANCIAL STATEMENTS

1. Group reorganisation and basis of presentation

The unaudited consolidated results of the Group for the six months ended 30 September 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 Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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 interim 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 interim 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 interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2005.

Certain comparative figures have been restated to conform with the current period presentation.

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:

	Six months ended 30 September		Three months ended 30 September	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	-	4,748	-	2,681
Other revenues	1	13	(18)	12
Total revenues	1	4,761	(18)	2,693

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

	Six months ended 30 September 2005		Three months ended 30 September 2005	
	HK\$'000	2004 HK\$'000	HK\$'000	2004 HK\$'000
Bank charges	-	6	-	3
Bank interest	-	0	-	0
	<u>-</u>	<u>6</u>	<u>-</u>	<u>3</u>

4. Operating loss

The operating loss is stated after charging the following:-

	Six months ended 30 September 2005		Three months ended 30 September 2005	
	HK\$'000	2004 HK\$'000	HK\$'000	2004 HK\$'000
Cost of inventories sold	-	3,995	-	2,299
Depreciation of fixed assets	45	27	26	26
Staff cost				
- basic salaries and allowances	543	1,772	306	796
- retirement scheme contributions	10	84	4	44
	<u>543</u>	<u>1,772</u>	<u>306</u>	<u>796</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 not certain that any sufficient taxable profits will arise in the foreseeable future.

	Six months ended 30 September 2005		Three months ended 30 September 2005	
	HK\$'000	2004 HK\$'000	HK\$'000	2004 HK\$'000
Loss before income tax	1,047	2,209	557	1,354
Tax credits calculated at a taxation rate of 17.5%	183	386	97	236
Tax benefits not recognised	(183)	(386)	(97)	(236)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. Interim dividend

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

7. Loss per share

The calculation of the basic loss per share for the six months ended 30 September 2005 is based on the unaudited consolidated loss attributable to shareholders of HK\$1,046,606 (2004: HK\$2,209,000) 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 six months ended 30 September 2005 and the corresponding period in 2004 is presented because there were no dilutive potential ordinary shares in existence during the period.

8. Fixed assets

	30 September 2005 HK\$'000	31 March 2005 HK\$'000 (Audited)
Balance, beginning of period/year	180	230
Additions	94	38
Disposals	-	(16)
Depreciation charge	(45)	(72)
	<hr/> 229 <hr/>	<hr/> 180 <hr/>

9. Share capital

	30 September 2005		31 March 2005	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000 (Audited)
Authorised:				
Ordinary share of HK\$0.01 each	50,000,000,000	500,000	50,000,000,000	500,000
Issued and fully paid:				
Beginning of period/year	507,600,000	5,076	507,600,000	5,076
Changes	-	-	-	-
	<hr/> 507,600,000 <hr/>	<hr/> 5,076 <hr/>	<hr/> 507,600,000 <hr/>	<hr/> 5,076 <hr/>

10. Due to a director

The amount due to a director, Mr. Chiang Wee Tiong is unsecured, interest-free and repayable on demand.

11. Marketable securities

Marketable securities represent short term investment in listed securities in Hong Kong for treasury purposes. Marketable securities are stated at the fair market value as at the balance sheet date after taking into account all the realised and unrealised gain or loss derived from trading in such marketable securities. Such gain and loss are dealt with in the profit and loss account.

12. Operating lease commitments

(i) Commitment under operating leases

As at 30 September 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and building, falling due as follows:-

	30 September 2005 HK\$'000	31 March 2005 HK\$'000
Not later than one year	-	90
Later than one year but not later than five years	-	-
	<hr/> -	<hr/> 90

(ii) As at 30 September 2005, the Group did not have any material capital commitments.

13. Notes to consolidated cash flow statements

Reconciliation of operating loss to Net Cash Inflow/(Outflow) from Operational Activities:-

	Six months ended 30 September 2005	
	HK\$'000	2004 HK\$'000
Operating loss	(1,047)	(2,209)
Depreciation	45	27
Loss on Amortization of intangible assets	-	260
Gain on trading securities	-	(1)
Decrease/(increase) in trade receivables	-	(277)
Decrease/(increase) in prepayment and deposits	58	352
Decrease/(increase) in marketable securities	165	-
Increase/(decrease) in trade payables, accrued charges and provisions		
	<u>701</u>	<u>2,043</u>
	<u>(78)</u>	<u>195</u>

14. 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 operates in a single business segment which is 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 assets 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:

	Six months ended 30 September 2005	
	HK\$'000	2004 HK\$'000
United Kingdom	-	4,748
Others	-	-
	<u>-</u>	<u>4,748</u>

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

	30 September 2005	31 March 2005
	HK\$'000	HK\$'000
Hong Kong	1,014	1,360
Other	-	-
	<u>1,014</u>	<u>1,360</u>

BUSINESS REVIEW AND FUTURE PROSPECTS

Pursuant to a sale and distribution agreement dated 23 June 2005, the Group in October 2005 opened its first sales outlet in Shenzhen under Hong Kong Causeway Bay Group Limited. Another sales outlet in Shenzhen will be opened in November 2005. The Group expects that more and more sales outlets in various provinces in China will be opened in a measured pace.

In additions, the Group has just come into an agreement with Zakspeed GmbH which has agreed to grant its trademark, Zakspeed, exclusively to the Group for the Group's clothing and accessories business. Detailed information related to the cooperation between the Group and Zakspeed GmbH will be announced as soon as practicable.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial resources and liquidity

As at 30 September 2005, shareholders' deficiency of the Group amounted to approximately HK\$78,233. Current assets amounted to approximately HK\$497,101, of which approximately HK\$32,952 were cash and bank deposits. The Group had current liabilities of HK\$1,092,526, which mainly comprised of accruals and the amount due to a director.

A summary of the liquidity position of the Group as at 30 September 2005 is as follows:

	30 September 2005 HK\$'000	31 March 2005 HK\$'000
Current assets	497	892
Current liabilities	1,092	391
Net current assets/(liabilities)	(595)	501

The Group's gearing ratio was 14 as at 30 September 2005 (31 March 2005: 0.4). 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 period.

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 30 September 2005.

Capital commitments

The Group had no capital commitment for future material investment as at 30 September 2005.

Employee information

During the six months ended 30 September 2005, employee costs, excluding Directors' emoluments, totalled approximately HK\$333,000.

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

As at 30 September 2005, the Group had 4 full time employees. The Directors believe that the Group has maintained a good relationship with its employees.

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

During the period ended 30 September 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. 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. Mr. Wan resigned as director on 4 August 2005.

Note 2: 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 30 September 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 September 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 30 September 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 30 September 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 September 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 30 September 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 six months ended 30 September 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review, except that:

A.2.1 Following the resignation of Mr. Wan Chi Keung as Chairman on 4 August 2005, the Company has not appointed new Chairman. The role of Chairman is temporarily performed by the Chief Executive Officer, Mr. Chiang Wee Tiong. The board of directors will appoint a new Chairman as soon as practicable; and

E.1.2 The former Chairman, Mr. Wan Chi Keung did not attend the 2005 annual general meeting due to his personal reasons.

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 aim 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 November 2005

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