



RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30TH APRIL, 2001

RESULTS

The Board of Directors (the “Board”) of RNA Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiary companies (the “Group”) for the year ended 30th April, 2001.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
TURNOVER	2	5,864,737	5,432,370
Cost of sales		(5,693,561)	(5,238,529)
Gross profit		171,176	193,841
Other revenue		18,748	7,861
Gain on deemed partial disposal of a subsidiary		85,170	–
General and administrative expenses		(94,728)	(85,165)
Selling and distribution expenses		(14,718)	(12,964)
Provision for interest in a jointly controlled entity		(41,928)	(20,925)
Provision for doubtful debts		(19,083)	–
Other operating expenses		(9,187)	(18,658)
PROFIT FROM OPERATING ACTIVITIES	3	95,450	63,990
Finance costs		(73,337)	(38,476)
Share of profits less losses of associates		17	209
PROFIT BEFORE TAX		22,130	25,723
Tax	4	(11,485)	(6,220)
PROFIT BEFORE MINORITY INTERESTS		10,645	19,503
Minority interests		2,173	1,174
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		12,818	20,677
DIVIDENDS	5	(1,270)	(7,620)
<i>EARNINGS PER SHARE</i>	6	<i>HK cents</i>	<i>HK cents</i>
– Basic		0.87	1.26
– Diluted		0.82	1.25

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties and gold bullion based on their market value/fair value as appropriate.

2. TURNOVER

Turnover represents the net invoiced value of gold bullion sold, after allowance for returns and trade discounts; the value of service rendered; commission and interest income on commodity trading; the provision of loans and gold bullion financing and wholesaling and retailing of gold ornaments, diamond and jewellery products.

An analysis of the Group's turnover by principal activity and geographical area pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is as follows:

	2001	2000
	HK\$'000	HK\$'000
(i) <i>By principal activity:</i>		
Sales of gold bullion	5,636,458	5,201,829
Sales of gold ornaments, diamond and jewellery products	105,415	117,229
Money lending and bullion financing	122,511	113,312
Provision of internet-based electronic trading system to facilitate trading of precious metals and related business	353	–
	<u>5,864,737</u>	<u>5,432,370</u>
(ii) <i>By geographical area:</i>		
Hong Kong	4,798,009	3,489,931
People's Republic of China, excluding Hong Kong	888,663	1,033,305
Malaysia	178,065	909,134
	<u>5,864,737</u>	<u>5,432,370</u>

3. PROFIT FROM OPERATING ACTIVITIES

This is arrived at after charging/(crediting):

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Staff costs	29,711	25,524
Directors' remuneration	5,591	4,823
Auditors' remuneration	3,280	2,685
Provision for diminution in value of other properties	–	11,000
Deficit/(surplus) on revaluation of investment properties, net	(3,500)	7,658
Depreciation	13,127	11,927
Loss on deemed disposal of an associate	–	2,552
Loss on disposal of fixed assets	274	64
Loss from gold price contracts	10,346	6,249
Provision for properties held for resale	1,501	–
Provision for investment securities	7,686	–
Operating lease rentals on land and buildings	5,713	5,058
Exchange losses, net	1,145	917
Gain on disposal of an associate	–	(10)
Net rental income	(10,121)	(5,649)
Interest income	(155,776)	(153,840)
	<u><u> </u></u>	<u><u> </u></u>

An analysis of the Group's profit from operating activities by principal activity and geographical area pursuant to the requirements of the Listing Rules is as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
<i>(i) By principal activity:</i>		
Sales of gold bullion	24,488	50,012
Sales of gold ornaments, diamond and jewellery products	(2,187)	918
Money lending and bullion financing	50,400	42,396
Provision of internet-based electronic trading system to facilitate trading of precious metals and related business	(14,806)	–
Property and investment holding	37,555	(29,336)
	<u> </u>	<u> </u>
	<u><u>95,450</u></u>	<u><u>63,990</u></u>
<i>(ii) By geographical area:</i>		
Hong Kong	82,227	30,620
People's Republic of China, excluding Hong Kong	11,016	17,752
Malaysia	2,207	15,618
	<u> </u>	<u> </u>
	<u><u>95,450</u></u>	<u><u>63,990</u></u>

4. TAX

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Current:		
Hong Kong	7,720	6,138
Elsewhere	994	–
	<u>8,714</u>	<u>6,138</u>
Prior year underprovisions:		
Hong Kong	2,766	–
Share of tax attributable to associates	5	82
Tax charge for the year	<u>11,485</u>	<u>6,220</u>

No provision for deferred tax has been made as the net effect of all timing differences is insignificant (2000: Nil).

The revaluation of the Group's investment properties in Hong Kong does not constitute any significant timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified. No deferred tax has been provided on the revaluation surplus of the Group's properties situated in the People's Republic of China ("PRC") as the Group presently does not have any intention to dispose of its properties.

5. DIVIDENDS

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Preference shares, paid, of HK\$0.05 (2000: HK\$0.3) per share	<u>1,270</u>	<u>7,620</u>

In addition to the foregoing, a special dividend comprising of 137,682,480 shares ("Trasy Shares") of HK\$0.01 each in Trasy Gold Ex Limited ("Trasy Gold") was distributed during the year to the shareholders of the Company upon the listing of Trasy Shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM"), on the basis of one Trasy Share for every ten ordinary shares of HK\$0.10 each then existing in the Company and held by the Company's shareholders. The value of these Trasy Shares distributed as dividends, based on the net asset value of Trasy Gold with its subsidiaries at the date of distribution, amounted to approximately HK\$3,370,000.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$12,818,000 (2000: HK\$20,677,000) less preference dividends of HK\$1,270,000 (2000: HK\$7,620,000), and on the weighted average number of 1,329,626,198 (2000: 1,036,100,281) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 30th April, 2001 was based on the net profit attributable to shareholders of HK\$12,818,000 (2000: HK\$20,677,000) less preference share dividend of HK\$1,270,000 (2000: HK\$7,620,000) and the weighted average number of 1,329,626,198 (2000: 1,036,100,281) ordinary shares in issue during the year plus 86,507,275 (2000: 4,573,608) ordinary shares deemed to be issued if the share options had been exercised. The calculation of this weighted average number of shares for diluted earnings per share has taken into account the effect of 84,540,000 share options granted during the year with an exercise price of such option fixed only subsequent to the balance sheet date on 9th May, 2001. The calculation has not taken into

account the ordinary shares deemed to be issued if convertible notes had been converted as the effect is anti-dilutive.

7. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation. These include principally the reclassification of interests in an investee entity, previously accounted for as a subsidiary of the Company, as a jointly controlled entity in order to comply with Statement of Standard Accounting Practice No. 2.121 "Accounting for Interests in Joint Ventures".

SUMMARY OF AUDITORS' REPORT

The auditors' report on the Group's financial statements for the year ended 30th April, 2001 expresses a disclaimer of opinion on fundamental uncertainty relating to the adoption of the going concern basis in the preparation of the financial statements.

The auditors, in forming their opinion, have considered the adequacy of the disclosure made in the financial statements concerning the adoption of the going concern basis on which the financial statements being prepared, wherein it was explained that the validity of the financial statements prepared on a going concern basis depends upon the implementation of certain financial measures involving, inter alia, the raising of additional funds, the ongoing support of the Group's bank and other creditors and the maintaining of profitable and positive cash flow operations. The financial statements do not include any adjustments that would result from a failure to implement such measures.

The auditors considered that appropriate disclosures have been made in the financial statements but the inherent uncertainties surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis are extreme.

Therefore, due to the significance of the fundamental uncertainty relating to the going concern basis, the auditors are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th April, 2001 and of the profit and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

DIVIDENDS

The Board does not recommend payment of a final dividend at the forthcoming special general meeting. During the year, no interim ordinary dividend was declared. The Board believes that it is in the best interest of the shareholders to retain cash for future expansion. Such benefit will accrue to the shareholders in the coming years. A dividend of HK\$1,270,000 has been paid on 25,400,000 6% convertible redeemable preference shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 30th April, 2001, the Group recorded a turnover of HK\$5,864.74 million and profit from operating activities of HK\$95.45 million as compared to HK\$5,432.37 million and HK\$63.99 million respectively for the previous year. The increase of HK\$432.37 million in turnover was mainly attributable to an increase in sales volume on bullion trading and expansion in its related operations in Hong Kong and the PRC.

Because of the poor consumer sentiment and the continuing slowdown of Hong Kong's economy over the past few years, the Group's jewellery operation recorded a loss for the first time, and a provision for doubtful debts of HK\$19.08 million was made reflecting the increased credit risk under dampening economic environment. The financial year under review also saw volatility in the equity market and a rapid decline in valuation of listed securities. As a result, a prudent provision of HK\$41.93 million was made against the Group's interest in a jointly controlled entity which had an investment in listed securities. Despite the weak performance in both the jewellery and bullion trading operations, the Group's bullion financing operation reported an improved contribution to the Group's profit from operating activities. The Group also realised a gain of HK\$85.17 million on deemed partial disposal of Trasy Gold for the year ended 30th April, 2001.

Liquidity and Financial Resources

During the year, all issued 6% convertible redeemable preference shares had been converted into 147,674,418 ordinary shares of the Company at the conversion price of HK\$0.86 each. The Company also successfully placed 133,780,000 ordinary shares of the Company to independent investors at HK\$0.202 per share, raising net proceeds of approximately HK\$26 million.

As at 30th April, 2001, the Group had bank loans and overdrafts of HK\$300.94 million, convertible notes of HK\$163.4 million, gold loan payable of HK\$22.36 million, advances from shareholders of HK\$45 million and promissory notes of HK\$39 million. Of these borrowings, approximately HK\$266.2 million was secured by a charge over certain of the Group's inventories, investment securities and properties. Calculated on the basis of the Group's net borrowings after deduction of cash and bank balances of HK\$1.88 million and gold bullion of HK\$63.32 million over shareholders' funds of HK\$1,110.33 million, the Group had a gearing ratio of 0.455 as at 30th April, 2001.

The Group's bank loans and overdrafts and gold loan payable are principally on a floating rate basis. The convertible notes and promissory notes bear an interest at 5% per annum and are repayable within one year.

As at the balance sheet date, the Group experienced an insufficient working capital. Consequently, the Group has progressively undertaken numerous fund raising exercises to improve the Group's working capital position. Over the past ten months up to February 2002, the Group raised an aggregate sum of approximately HK\$365.08 million from these transactions as follows:

	<i>HK\$'000</i>
Placement of 140,000,000 ordinary shares at HK\$0.143 each	19,500
Placement of 883,987,558 ordinary shares at HK\$0.103 each	90,200
Placement of 518,000,000 ordinary shares at HK\$0.101 each	51,600
Issue of 470,000,000 ordinary shares at HK\$0.1 each	47,000
Issue of 2% convertible bonds repayable in 2005	116,780
Issue of zero coupon convertible bonds repayable in 2005	40,000
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Total net proceeds	365,080
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Of the 2% and zero coupon convertible bonds in an aggregate sum of HK\$156.78 million issued by the Group subsequent to the financial year, convertible bonds of HK\$74.88 million have already been converted into 1,148,800,000 ordinary shares.

The Group is currently undertaking an issue of zero coupon convertible bonds of up to HK\$81.42 million, details of which are stated in the Company's announcement dated 15th March, 2002. Further appropriate measures will continue to be underway to reduce the Group's short term indebtedness. Should the aforesaid arrangements be in place, the Group's other indebtedness, including the 5% convertible notes of approximately HK\$163.4 million classified under current liabilities as at the balance sheet date, will be conciliated.

Employees

During the year under review, an additional of 84,540,000 share options were granted on 22nd June, 2000 to certain directors and employees of the Group pursuant to the share option scheme of the Company which was adopted on 8th November, 1996 and amended on 31st December, 2001 in compliance with the new requirements of the Listing Rules. As at 30th April, 2001, the Group had 147 employees and the total staff costs including directors' remuneration amounted to HK\$35.3 million for the year ended 30th April, 2001.

BUSINESS REVIEW

The Group's turnover for the year ended 30th April, 2001 was HK\$5,864.74 million, representing a 7.96% increase from HK\$5,432.37 million for the corresponding period in 2000. The consolidated profit attributable to shareholders for the year ended 30th April, 2001 was HK\$12.82 million (2000: HK\$20.68 million). Such decrease was mainly attributable to increase in finance costs.

Hong Kong

During the year under review, through a placing and top-up subscription exercise announced and completed in April 2001, the Company placed out 133,780,000 ordinary shares at HK\$0.202 per share to independent investors and raised net proceeds of approximately HK\$26 million.

In April 2001, the Company has entered into conditional subscription agreements with, inter alia, Asvick Investment Limited, a wholly-owned subsidiary of Cheung Kong (Holdings) Limited, and Total Vision Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited (“Cheung Kong Group”) for the subscription by the Cheung Kong Group 69,900,000 ordinary shares of the Company at HK\$0.2418 per share and 10,819,583 redeemable convertible preference shares of par value HK\$1.00 with a notional value of HK\$5.00 each convertible into 223,730,000 ordinary shares of the Company at the initial conversion price of HK\$0.2418 each, subject to adjustment. The transaction was completed on 18th September, 2001 and the shares have been duly allotted and issued to the Cheung Kong Group.

Trasy Gold was listed on the GEM on 7th December, 2000. Trasy Gold is principally engaged in the provision of services to facilitate the trading of precious metals, including gold, silver, platinum and palladium through a proprietary Internet-based real time electronic trading system called “TRASY”. Trasy Gold paid much effort to focus and develop on the following areas:

1. conduct promotional, educational and marketing activities internationally and locally in order to promote the public awareness of TRASY and to build up its brand name;
2. form business alliances to license its real time precious metals market information to other financial content providers and portals in Hong Kong;
3. prepare for the liberalisation of gold market in China by exploring and forming alliances in gold-related e-business with related participants in China; and
4. expansion of product range to be traded through TRASY.

China

In August 2000, the Company and the People’s Government of Zhaoyuan City, Shandong, worked in collaboration with Gold Fields Mineral Services Limited, London, and Gold Economic Centre, Beijing, to publish the Chinese edition of “Gold 2000” and to organize the 4th RNA China Gold and Precious Metals Conference at Zhaoyuan, China’s “City of Gold”. “Gold 2000” is widely acknowledged as the most authoritative analysis of world gold supply and demand and is being used as an important source of reference information by local gold miners, jewellery manufacturers, bankers, economists and government officials in China.

During the year under review, the Group began its establishment of a jewellery retail network (the “Retail Network”) in the PRC through the Group’s interests in associated companies. The Retail Network concept was well appraised by the gold ornaments and jewellery retail outlets. The Board believes that the Retail Network would be able to form a new trend of professional jewellery retail services and retail network in the PRC with the anticipation of further liberalization of the China gold market and contribution to the Group’s potential future growth is promising.

The Group was pleased to be appointed as consultant to the Gold and Jewellery Building in Shenzhen, the PRC, owned by Shenzhen ART Jewellery Co., Ltd. (“ART”), a comprehensive corporation in manufacturing, processing, wholesale of gold ornaments and gold processing business from customers abroad, for the provision of consultancy services in the design, construction, project management, operation management consultancy to it. The Gold and Jewellery Building is a comprehensive industrial commercial complex and the concept of it is adapted from the “Vertically Integrated Gold and Jewellery Industry Concept” which was successfully implemented by the Company in Penang, Malaysia. It consists of: Processing Area of 27,950m² gross area from 4th to 12th floor for bullion refining and manufacturing and processing of gold, carat gold, platinum, silver and diamond jewellery; Servicing Area of 3,500m² on 3rd floor for precious metals, jade, pearl, diamond, precious stones, accessories market and auction market and 3,200m² on 2nd floor for jewellery wholesale centre, and Trading Area of 3,500m² on 1st floor for banking/retail and tourism. The construction was completed in September 2001 and is expected to commence operations

in around mid of 2002. Gold items manufactured in Shenzhen have been contributing to over 60% of China's total jewellery export and 60% of local consumption in recent years, with most of the products produced by joint-venture processing factories established by Hong Kong jewellers. As Shenzhen is the jewellery manufacturing centre of China, the aim of the Gold and Jewellery Building development is to become the Gold Jewellery Logistic Centre of China. The Group is considering the establishment of RNA China in the Gold and Jewellery Building.

In September 2001, the Company organized The 5th Annual RNA China Gold and Precious Metals Conference in Shenzhen, the PRC with the theme of "The Opportunities from the Liberalization of the China Gold Market". Renowned speakers from the industry were invited to share insights of this hot topic. The purpose of the Gold Conference is to enhance the information and knowledge exchange between the international and China gold industries.

Penang, Malaysia

Sales activities were slowed down in Malaysia. In view of recovering local economy, the Board is confident that contribution from the Malaysian operations will improve in the near future.

FUTURE PROSPECTS

Looking ahead, in view of the PRC entered into the World Trade Organization and the gradual liberalization of its gold market will bring along business opportunities for the Group. The consultancy services to the Gold and Jewellery Building in Shenzhen and the formation of the Retail Network will form the backbone operation of the Group in the PRC. With rich expertise in the gold industry and its knowledge in the markets, the Group will continue to capture unique opportunities in the PRC to continue its business including the provision of consultancy services relating to refinery, jewellery manufacturing, wholesaling and retailing to strengthen its profitability and income base.

CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by the rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") in prior year with written terms of reference which deal clearly with its authorities and duties pursuant to the Code of Best Practice as stated in Appendix 14 of the Listing Rules. The Committee comprises of two independent non-executive directors of the Company, Messrs. Wong Tak Wah, Daniel and Ma Kwok Keung. The Committee has reviewed the financial statements of the Group for the year ended 30th April, 2001 and are of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any securities of the Company.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.rna.com.hk as soon as possible.

ACKNOWLEDGMENT

In conclusion, I would like to extend my gratitude and appreciation to all management and staff for their hard work and devotion during the year. I believe very strongly that, together with the support of the shareholders, we are on our way to build a prosperous and sustainable business.

By Order of the Board
RNA Holdings Limited
Chan Fat Chu, Raymond
Chairman

Hong Kong, 22nd March, 2002

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Special General Meeting of the Company will be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong on Tuesday, 30th April, 2002 at 9:30 a.m. for the following purpose:

1. To receive and consider the audited financial statements and the reports of the Directors and Auditors for the year ended 30th April, 2001.

By Order of the Board
RNA Holdings Limited
Chan Fat Chu, Raymond
Chairman

Hong Kong, 22nd March, 2002

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. In order to be valid, the completed proxy form must be deposited at the Company's Registrars, Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournments thereof.

Please also refer to the published version of this announcement in the China Daily.