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RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

PROPOSED SHARES CONSOLIDATION AND GENERAL MANDATE FOR ISSUE OF SECURITIES

The board of Directors proposes to effect the Shares Consolidation by consolidating every ten existing issued and unissued ordinary shares of HK\$0.10 par value each into one new ordinary share of HK\$1.00 par value each.

The Shares Consolidation is conditional, among other things, upon the approval by the Shareholders at the SGM and the Listing Committee granting the listing of and permission to deal in the New Shares. A circular containing information regarding, among other matters, the Shares Consolidation and the notice of the SGM will be despatched to the Shareholders as soon as practicable.

The Company also proposes that general mandate to issue securities be granted to the Directors following the approval of the Shares Consolidation at the SGM.

SHARES CONSOLIDATION

Every ten Existing Shares are proposed to be consolidated into one New Share. It is intended that the board lot for trading in the New Shares on the Stock Exchange will remain unchanged at 10,000 New Shares.

As at the date of this announcement, the authorised share capital of the Company are HK\$10,030,000,000 comprising 16,954,892,368 issued Existing Shares, 82,345,107,632 unissued Existing Shares, 78,619,583 issued Preference Shares and 21,380,417 unissued Preference Shares. Upon the Shares Consolidation becoming effective and assuming no new Existing Shares will be issued prior to the SGM, the authorised share capital of the Company will be HK\$10,030,000,000 comprising 1,695,489,237 issued New Shares, 8,234,510,763 unissued New Shares, 78,619,583 issued Preference Shares and 21,380,417 unissued Preference Shares. The New Shares will rank pari passu in all respects with each other and there will be no change in the relative rights of the Shareholders. Fractional entitlements of New Shares will be aggregated and sold for the benefit of the Company.

The Shares Consolidation is subject to (i) the approval by the Shareholders at the SGM and (ii) the granting of the listing of, and permission to deal in, the New Shares by the Stock Exchange.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

Reasons for Shares Consolidation

The Existing Shares have been trading below one cent since 24 September 2002. The Directors believe that the Shares Consolidation could increase the trading price of the New Shares. Therefore, the Shares Consolidation is in the best interests of the Company and the Shareholders as a whole.

The Shares Consolidation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company and its subsidiaries except for the payment of related expenses.

Trading Arrangement

In order to facilitate the trading of odd lots of the New Shares arising from the Shares Consolidation, the Company has appointed Dao Heng Securities Limited (“Dao Heng”) to arrange for the sale and purchase of odd lots on behalf of the Shareholders.

Dao Heng will provide such service during the period from 6 February 2003 to 27 February 2003, both dates inclusive. Holders of the New Shares in odd lots who wish to take advantage of this facility either to dispose of or top up their odd lots to a board lot of 10,000 New Shares may directly or through their brokers contact Dao Heng at 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong and at the telephone number 2218 2910, to the attention of Ms. Priscilla Cheung during such period. **Shareholders should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed.**

Expected Timetable

Set out below is the expected timetable for the Shares Consolidation:

2003

Despatch of circular together with notice of SGMon or before Saturday, 4 January

Latest time for lodging the form of proxy for the SGM 9 a.m. on Saturday, 18 January

SGM9 a.m. on Monday, 20 January

Effective date of the Shares Consolidation Tuesday, 21 January

Existing counter for trading in Existing Shares

in board lots of 10,000 Existing Shares temporarily closes 9:30 a.m. on Tuesday, 21 January

Temporary counter for trading in New Shares

in board lots of 1,000 New Shares

(in the form of existing share certificates) opens 9:30 a.m. on Tuesday, 21 January

Existing counter for trading in New Shares

in board lots of 10,000 New Shares

(in the form of new share certificates) re-opens 9:30 a.m. on Thursday, 6 February

Parallel trading of New Shares (in the form of

existing and new share certificates) commences 9:30 a.m. on Thursday, 6 February

First day of odd lot facility Thursday, 6 February

Parallel trading of New Shares (in the form of existing
and new share certificates) ends 4 p.m. on Thursday, 27 February

Last day of odd lot facility Thursday, 27 February

Temporary counter for trading in New Shares in board lots of
1,000 New Shares (in the form of existing share certificates)
closes 4 p.m. on Thursday, 27 February

Free exchange of new share certificates
for the New Shares From Tuesday, 21 January to Monday, 10 March

Exchange of Share Certificates

Upon the Shares Consolidation becoming effective, Shareholders may submit existing share certificates in exchange for the new share certificates for the New Shares free of charge to the office of the Company's registrars, Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, during office hours from 21 January 2003 to 10 March 2003. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 or such higher amount as from time to time be determined for each new share certificate issued.

Adjustment of Conversion/Subscription Price of the Convertible Securities and Share Options

Upon the Shares Consolidation becoming unconditional, the conversion price of the existing convertible preference shares and convertible notes and the subscription price of the existing share options granted under the employee share option scheme adopted on 8 November 1996 and amended on 31 December 2001 will be adjusted as appropriate, in accordance with the relative terms and conditions. A separate announcement will be made when appropriate in respect of the conversion/subscription price adjustment.

GENERAL MANDATE TO ISSUE SECURITIES

The Company also proposes that general mandate to issue securities be granted to the Directors following the approval of the Shares Consolidation at the SGM.

GENERAL

A circular containing, among other matters, details of the Shares Consolidation and the notice for the SGM will be despatched to the Shareholders as soon as possible.

The register of members of the Company will be closed for a period of 3 days prior to and including the date of the SGM for the purpose of determining the entitlements to attend and vote at the SGM. No transfer of Existing Shares may be registered during such book closure period.

DEFINITIONS

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|---------------------|---|
| “Company” | RNA Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange |
| “Preference Shares” | preference shares of par value HK\$1.00 in the capital of the Company |

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|--------------------------|---|
| “Convertible Securities” | (i) the issued Preference Shares, (ii) the US\$30,000,000 5% convertible notes issued by the Company due on 28 April 2003, (iii) the HK\$116,780,000 2% convertible bonds issued by the Company due on 6 January 2005 and (iv) the zero coupon HK\$124,980,000 convertible bonds issued by the Company due on 23 September 2005 |
| “Director(s)” | director(s) of the Company |
| “Existing Share(s)” | existing issued and unissued ordinary shares of HK\$0.10 each in the capital of the Company prior to the Shares Consolidation becoming effective |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “New Share(s)” | new issued and unissued ordinary shares of HK\$1.00 each in the capital of the Company arising from the Shares Consolidation |
| “SGM” | the special general meeting of the Company to be convened to approve, among other matters, the Shares Consolidation |
| “Shareholder(s)” | holder(s) of the Existing Shares or the New Shares, as the case may be |
| “Shares Consolidation” | the proposed shares consolidation of the issued and unissued ordinary shares of the Company by consolidating ten Existing Shares into one New Share |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars |
| “US\$” | the lawful currency of United States of America |

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

Hong Kong, 17 December 2002

Please also refer to the published version of this announcement in The Standard.