
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares and/or preference shares in RNA Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**RNA HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

**PROPOSED SHARES CONSOLIDATION
CHANGE IN BOARD LOT SIZE
AND
GENERAL MANDATE FOR ISSUE OF SECURITIES**

A notice convening a special general meeting of RNA Holdings Limited to be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong on Wednesday, 22 January 2003 at 9:00 a.m. is set out on pages 9 to 11 of this circular. Whether or not you intend to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to RNA Holdings Limited's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournments thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournments thereof should you so wish.

7 January 2003

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular concerning the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

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EXPECTED TIMETABLE

2003

Despatch of circular together with Notice of SGM	Tuesday, 7 January
Latest time for lodging the form of proxy for the SGM	9:00 a.m. on Monday, 20 January
SGM	9:00 a.m. on Wednesday, 22 January
Effective date of the Shares Consolidation	Thursday, 23 January
Existing counter for trading in Existing Shares in board lots of 10,000 Existing Shares temporarily closes	9:30 a.m. on Thursday, 23 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 Thursday, 23 January
Existing counter for trading in New Shares in board lots of 100,000 New Shares (in the form of new share certificates) re-opens	9:30 a.m. on Monday, 10 February
Parallel trading of New Shares (in the form of existing and new share certificates) commences	9:30 a.m. on Monday, 10 February
First day of odd lot facility	Monday, 10 February
Parallel trading of New Shares (in the form of existing and new share certificates) ends	4:00 p.m. on Monday, 3 March
Last day of odd lot facility	Monday, 3 March
Temporary counter for trading in New Shares in board lots of 1,000 New Shares (in the form of existing share certificates) closes	4:00 p.m. on Monday, 3 March
Free exchange of new share certificates for the New Shares	From Thursday, 23 January to Wednesday, 12 March

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2% Bonds”	2% HK\$116,780,000 convertible bonds issued by the Company due on 6 January 2005
“5% Notes”	5% US\$30,000,000 convertible notes issued by the Company due on 28 April 2003
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	RNA Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Convertible Securities”	(i) the issued Preference Shares, (ii) the 5% Notes (iii) the 2% Bonds and (iv) the Zero Bonds
“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
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	3 January 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Preference Shares”	(a) 10,819,583 convertible preference shares of par value of HK\$1.00 each with notional value of HK\$5.00 each in the capital of the Company at the initial conversion price of HK\$0.2418 each, subject to adjustment(s), and (b) 67,800,000 convertible preference shares of par value HK\$1.00 each in the capital of the Company at the initial conversion price of HK\$0.10 each
“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 held on 22 January 2003, notice of which is set out on pages 9 to 11 of this circular, or any adjournments thereof
“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
“Zero Bonds”	the zero coupon HK\$124,980,000 convertible bonds issued by the Company due on 23 September 2005
“HK\$”	Hong Kong dollars
“US\$”	the lawful currency of United States of America
“%”	per cent.

LETTER FROM THE BOARD



RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Directors:

CHAN Fat Chu, Raymond (*Chairman*)
CHAN Fat Leung, Alexander (*Deputy Chairman*)
LO Chi Kin, Andie
SIT Chun Sze
TSUI Muk Ming, Danny
MA Kwok Keung**
LIM Siang Kai**
Ahmad Fuad HAJI MD ALI*

* *Non-executive director*

** *Independent non-executive directors*

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal

place of business in Hong Kong:

16th Floor
Cheung Fat Building
7-9 Hill Road
Western District
Hong Kong

7 January 2003

*To the Shareholders and for information only,
holders of the Preference Shares, holders of the 5% Notes,
holders of the 2% Bonds and holders of the Zero Bonds*

Dear Sir or Madam,

PROPOSED SHARES CONSOLIDATION CHANGE IN BOARD LOT SIZE AND GENERAL MANDATE FOR ISSUE OF SECURITIES

INTRODUCTION

The Directors announced on 17 December 2002 and 3 January 2003 that the Company proposes to effect the Shares Consolidation by consolidating every ten Existing Shares into one New Share and to change the board lot size for trading in the New Shares from 10,000 New Shares to 100,000 New Shares with effect from the effective date of the Shares Consolidation which is expected to be on Thursday, 23 January 2003.

The purpose of this circular is to provide you with (a) further information on the Shares Consolidation, the change of board lot size and renewal of the general mandate for issue of securities, and (b) the notice of the SGM convened for the purpose of considering and, if thought fit, approving the necessary resolutions to implement such proposals.

LETTER FROM THE BOARD

SHARES CONSOLIDATION

Every ten Existing Shares are proposed to be consolidated into one New Share.

As at the Latest Practicable Date, 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 has submitted application to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Trading Arrangement

Upon the Shares Consolidation becoming effective, the trading arrangement proposed for dealings in the New Shares are expected to be as follows:

From 23 January 2003, the existing counter for trading in the Existing Shares in board lots of 10,000 Existing Shares will be temporarily closed. A temporary counter will be established for trading in the New Shares in board lots of 1,000 New Shares. Certificates for Existing Shares may only be traded at this temporary counter.

With effect from 10 February 2003, the existing counter for trading in Existing Shares will be reopened for trading in the New Shares in board lots of 100,000 New Shares.

From 10 February 2003 to 3 March 2003, both days inclusive, there will be parallel trading at the above two counters.

LETTER FROM THE BOARD

The temporary counter for trading in the New Shares in board lots of 1,000 New Shares will be removed after the close of trading on 3 March 2003. Thereafter, trading will be in New Shares only and the existing share certificates for Existing Shares will cease to be marketable and will not be acceptable for dealing purpose. However, such share certificates will remain effective as documents of title.

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 of approximately HK\$120,000.

CHANGE OF BOARD LOT SIZE

The Directors propose to change the board lot size for trading in the New Shares from 10,000 New Shares to 100,000 New Shares with effect from the effective date of the Shares Consolidation which is expected to be on Thursday, 23 January 2003.

The reason for the change in board lot size is to increase the value of each board lot of New Shares to HK\$2,000 in order to comply with the Listing Rules and to reduce trading and registration costs incurred by the Shareholders and investors of the Company. The board lot of New Shares with higher market value is more justifiable to the Shareholders and investors for the minimum expenses incurred in the course of trading. The Directors are of the opinion that the change in board lot size is in the best interest of the Company and its Shareholders. The change in board lot size will not result in any change in the relative rights of the Shareholders.

Odd Lots Arrangement

In order to facilitate the trading of odd lots of the New Shares arising from the Shares Consolidation and the change in board lot size, 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 10 February 2003 to 3 March 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 100,000 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.**

LETTER FROM THE BOARD

Exchange of Share Certificates

Upon the Shares Consolidation becoming effective, Shareholders may submit existing yellow share certificates in exchange for the new light brown 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 23 January 2003 to 12 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 allowed by the Stock Exchange for each new share certificate issued. Nevertheless, certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the New Shares at any time.

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

Upon the Shares Consolidation becoming unconditional, the conversion price of the Preference Shares, the 5% Notes, the 2% Bonds and the Zero Bonds 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.

GENERAL MANDATE FOR ISSUE OF SECURITIES

At the SGM, an ordinary resolution will be proposed to grant a general mandate to the Directors to allot, issue and otherwise deal with New Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company immediately upon the Shares Consolidation becoming effective. The Directors do not have any present intention to issue any new Shares under the general mandate to be sought at the SGM.

The mandate for issue of securities will remain effective until the conclusion of the Company's next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws to be held or until revoked or varied by an ordinary resolution of the Shareholders, whichever occurs first.

SGM

Set out on pages 9 to 11 is a notice convening the SGM to be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong at which ordinary resolutions will be proposed to approve the Shares Consolidation and the granting of general mandate to issue securities.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the form of proxy to the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Board is of the opinion that the proposed resolutions for the Shares Consolidation and the granting of general mandate to issue securities are in the interest of the Company. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions set out in the notice of the SGM.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

NOTICE OF THE SPECIAL GENERAL MEETING



RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of RNA Holdings Limited (the “Company”) will be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong on Wednesday, 22 January 2003 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolutions:

1. **“THAT**, conditional upon the Listing Committee of The Stock Exchange Hong Kong Limited approving the listing of, and granting the permission to deal in, shares of HK\$1.00 each in the issued share capital of the Company upon the Shares Consolidation (as defined below) becoming effective, every ten (10) existing issued and unissued shares of HK\$0.10 each be consolidated into one (1) share of HK\$1.00 each in the capital of the Company (the “Shares Consolidation”) and the directors of the Company be and are hereby authorised generally to do all such acts and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Shares Consolidation.”
2. **“THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in shares of HK\$1.00 each in the issued share capital of the Company upon the Shares Consolidation (as defined in ordinary resolution numbered 1 in the notice of this meeting) become effective:
 - (i) the general mandate granted to the Directors to exercise the power of the Company to allot shares of the Company pursuant to ordinary resolution no.4 passed by the shareholders of the Company at the special general meeting of the Company held on 23 August 2002 be and is hereby revoked (but without prejudice to any exercise of such mandate prior to the date on which this resolution becomes effective);
 - (ii) subject to paragraph (iv) of this Resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to issue and allot additional ordinary shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (iii) the approval in paragraph (ii) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
 - (iv) the aggregate nominal amount of share capital allotted or issued or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (ii) of this Resolution, otherwise

NOTICE OF THE SPECIAL GENERAL MEETING

than pursuant to a Rights Issue; shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue immediately after the Shares Consolidation becoming effective; and

(v) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (c) the date upon which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in general meeting.”

“Right Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register whose names appear in the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange).”

By Order of the Board
RNA HOLDINGS LIMITED
Chan Fat Chu, Raymond
Chairman

Date: 7 January 2003

Head office and principal place of business in Hong Kong:
16th Floor, Cheung Fat Building
7-9 Hill Road
Western District
Hong Kong

NOTICE OF THE SPECIAL GENERAL MEETING

Notes:

1. A member who is entitled to attend and vote at a meeting of the Company is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. The instrument appointing the proxy or proxies and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney must be deposited at the office of the Company's Registrar, Computershare Hong Kong Investor Services 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 adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting.