

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.*



## **RNA HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

### **ANNOUNCEMENT**

#### **Proposed Capital Reorganisation and Debt Restructuring of the Company and certain subsidiaries, General mandate to issue New Shares and Resumption of Trading**

**Financial adviser**

**Asian Capital (Corporate Finance) Limited**



**ASIAN CAPITAL**  
(CORPORATE FINANCE) LIMITED  
卓亞(企業融資)有限公司

#### **Capital Reorganisation**

The Directors propose the following:

- (a) that the nominal value of each of the issued Shares be reduced from HK\$1.00 each to HK\$0.001 each by canceling HK\$0.999 paid up on each issued Share; and
- (b) that each of the authorised unissued Shares be subdivided into 1,000 New Shares.

The credit of approximately HK\$1,693,793,747 arising from the Capital Reduction will be applied to write off the unaudited accumulated losses of the Company, which was approximately HK\$293 million as at 30 April 2002 and the remaining balance will be transferred to the contributed surplus account of the Company.

#### **Debt Restructuring**

As at 3 March 2003, the aggregate unaudited total indebtedness of the Group amounted to approximately HK\$1,120 million. The Company has proposed to the Participating Creditors with aggregate claims of approximately HK\$829 million as at 3 March 2003, this being the signing date of the Subscription Agreements, to participate in the Debt Restructuring. The remaining of approximately HK\$291 million will not be dealt with in the Debt Restructuring for which the Company intends to negotiate with each individual creditor for settlement terms (which may include a revision of term to extend the time for repayment).

The Directors announce that, on 3 March 2003, the Company entered into the Subscription Agreements with certain Participating Creditors with total outstanding claims against the Group of approximately HK\$499 million as at 3 March 2003 whereby the Company agrees to issue, at the option of each Participating Creditor, the Convertible Bonds and/or New Shares to set-off such outstanding indebtedness in full and final settlement thereof.

Pursuant to the Subscription Agreements, the Company will issue to 8 Group A Creditors and 49 Group B Creditors the following respectively:

1. Convertible Bonds of an aggregate amount of approximately HK\$195 million with a conversion price of HK\$0.02 per New Share, which if fully converted, will result in 9,757,543,306 New Shares being issued, representing approximately 5.76 times the issued ordinary share capital of the Company as at the date of this announcement, approximately 85.20% of such the issued ordinary share capital as enlarged by the conversion and approximately 36.59% of the issued ordinary share capital as enlarged by the issue of the New Shares under the Convertible Bonds and those referred to in paragraph 2 below; and
2. 15,213,959,900 New Shares at HK\$0.02 each, credited as fully paid, of an aggregate amount of approximately HK\$304 million in value, representing approximately 9 times of the issued ordinary share capital of the Company as at the date of this announcement and approximately 89.97% of the issued ordinary share capital as enlarged by the issue of such New Shares.

Furthermore, Participating Creditors with outstanding claims of approximately HK\$285 million have indicated support to participate in the Debt Restructuring and agreements with these creditors, which will carry the same terms as the Subscription Agreements, are expected to be signed before the end of March 2003. In addition, the Company is in negotiation with such remaining Participating Creditors with outstanding claims of approximately HK\$45 million as to their participation in the Debt Restructuring via the signing of a subscription agreement which will give similar effect. Further announcement(s) in this regard will be made as and when appropriate.

A circular setting out details of the Capital Reorganisation and the Debt Restructuring and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

**The Capital Reorganisation and Debt Restructuring are subject to certain conditions set out below under the section headed “Conditions of the Debt Restructuring” including but not limited to obtaining the Shareholders’ approval at the SGM. Accordingly, the Capital Reorganisation and Debt Restructuring may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

**Trading of the Shares of the Company has been suspended from 9:30 a.m. on 3 March 2003 pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading of the Shares of the Company with effect from 9:30 a.m on 13 March 2003.**

Reference is made to the Company’s announcement dated 24 January 2003 in relation to the preliminary negotiations between the Company and certain creditors of the Group for the restructuring of the Group’s debt of approximately HK\$829 million (updated to as at 3 March 2003). The Directors are pleased to inform Shareholders that agreements have been reached with certain Participating Creditors with total outstanding claims against the Group of approximately HK\$499 million and would like to set out the principal terms of the Debt Restructuring.

## **I. CAPITAL REORGANISATION**

The Directors propose the following:

- (a) that the nominal value of each of the issued Shares be reduced from HK\$1.00 each to HK\$0.001 each by canceling HK\$0.999 paid up capital on each issued Share; and
- (b) that each of the authorized unissued Shares be subdivided into 1,000 New Shares.

### **Capital Reduction**

As at the date of this announcement, there are 1,695,489,236 Shares in issue. The Directors propose that the nominal value of each of the Shares in issue be reduced from HK\$1.00 to HK\$0.001 by canceling HK\$0.999 paid up capital on each issued Share. The issued ordinary share capital of the Company will thus be reduced by approximately HK\$1,693,793,747 to approximately HK\$1,695,489 consisting of 1,695,489,236 New Shares of HK\$0.001 each. The New Shares will rank *pari passu* in all respects with each other.

On the basis of 1,695,489,236 Shares in issue, the credit of HK\$1,693,793,747 arising from the Capital Reduction will be applied to write off the unaudited accumulated losses of the Company, which was approximately HK\$293 million as at 30 April 2002, while the remaining balance will be transferred to the contributed surplus account of the Company in respect of which the Directors are authorised to apply such surplus in any manner permitted by the laws of Bermuda and the bye-laws of the Company.

### **Share Subdivision**

Immediately upon the Capital Reduction becoming effective, each of the 8,234,510,764 unissued Shares will be subdivided into 1,000 New Shares such that the authorised unissued ordinary share capital of the Company will comprise 8,234,510,764,000 New Shares of HK\$0.001 each.

### **Implementation of the Capital Reorganisation**

The Capital Reorganisation will be implemented in accordance with the Companies Act which will require the publication by the Company of a notice of the Capital Reduction in Bermuda and the Company's obtaining the approval of the relevant resolutions by the Shareholders at the SGM.

### **Reason for the Capital Reorganisation**

The nominal value of the Shares is HK\$1.00. Under Bermuda law, a company may not issue Shares at a discount to the nominal value of such shares. To facilitate the Debt Restructuring, which upon implementation would reduce the total indebtedness of the Group, the Directors propose a reduction of the nominal value of the Shares. The Directors consider that the Capital Reorganisation is in the interest of the Company and its Shareholders.

## II. DEBT RESTRUCTURING

As at 3 March 2003, the aggregate unaudited total indebtedness of the Group amounted to approximately HK\$1,120 million (the Directors do not anticipate any significant increase to this amount up to the date of this announcement). The Company has proposed to the Participating Creditors with aggregate claims of approximately HK\$829 million, comprising indebtedness of the Company of approximately HK\$475 million and that of the Company's subsidiaries of approximately HK\$354 million (for which the Company has provided corporate guarantee in the aggregate amount of approximately HK\$228 million), to participate in the Debt Restructuring. The remaining of approximately HK\$291 million will not be dealt with in the Debt Restructuring for which the Company intends to negotiate with each individual creditor for settlement terms (which may include a revision of term to extend the time for repayment).

The Directors announce that, on 3 March 2003, the Company entered into the Subscription Agreements with certain Participating Creditors with total outstanding claims of, in aggregate, approximately HK\$499 million as at 3 March 2003, this being the signing date of the Subscription Agreements, whereby the Company has agreed to issue, at the option of such Participating Creditors, the Convertible Bonds and/or New Shares to set-off such outstanding claims in full and final settlement thereof.

Furthermore, Participating Creditors with outstanding claims of, in aggregate, approximately HK\$285 million have indicated support to participate in the Debt Restructuring and agreements with those Participating Creditors, which will carry the same terms as the Subscription Agreements, are expected to be signed before the end of March 2003. In addition, the Company is in negotiation with such remaining Participating Creditors with outstanding claims of, in aggregate, approximately HK\$45 million as to their participation in the Debt Restructuring via the signing of a subscription agreement of similar effect.

**It is a condition of the Debt Restructuring that Participating Creditors representing not less than 90% of total claims of approximately HK\$829 million as at 3 March 2003 enter into the subscription agreements with the Company on or before 31 March 2003. Further announcement(s) will be made in this regard as and when appropriate.**

Save for Commodity Online Limited, which is a wholly-owned subsidiary of the Company and to which the Company is owed approximately HK\$60 million, none of the Participating Creditors is connected with or acting in concert with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates as defined in the Listing Rules and the Takeovers Code. Commodity Online Limited intends to settle its outstanding claim with the subscription of Convertible Bonds. In addition, it has no intention of converting the Convertible Bonds but will instead disposing of the Convertible Bonds.

To the best knowledge of the Directors, save for one Participating Creditor who holds 610,169 Shares in the Company as at the date of this announcement, no other Participating Creditor has any shareholding in the Company.

### **Issue of Convertible Bonds**

Based on the Convertible Bond Subscription Agreement dated 3 March 2003, the Company will, subject to certain conditions, settle the outstanding debts and accrued interest in the amount of approximately HK\$195 million owing to 8 Group A Creditors by the issue of Convertible Bonds to the same extent.

The conversion of the Convertible Bonds will result in 9,757,543,306 New Shares being issued, representing approximately 5.76 times the issued ordinary share capital of the Company as at the date of this announcement, approximately 85.20% of such the issued ordinary share capital as enlarged by the conversion and approximately 36.59% of the issued ordinary share capital as enlarged by the issue of the New Shares under the Convertible Bonds and the issue of New Shares to 49 Group B Creditors.

The principal terms of the Convertible Bonds are summarised below:

Issuer	the Company
Total Amount	up to HK\$620 million, the maximum amount of Convertible Bonds allowed to be issued pursuant to the Convertible Bond Subscription Agreement
Maturity Date	the date falling three years after the Issue Date or if that is not a Business Day, the first Business Day thereafter. Any outstanding Convertible Bonds will be redeemed by the Company at 115% of the outstanding principal amount in cash
Coupon Rate	zero (no interest shall accrue or be payable on the Convertible Bonds under any circumstance)
Conversion	the Convertible Bonds are convertible in whole or in part at any time after the first six months of the Issue Date up to 4:00 p.m. on the Maturity Date at the Conversion Price, subject to adjustments. Any partial conversion shall be made in the amount of not less than a whole multiple of HK\$10,000 and no fraction of a Conversion Share shall be issued on conversion
Conversion Price	HK\$0.02 per New Share, subject to adjustments as contained in the instrument creating the Convertible Bonds
Conversion Share	New Shares of HK\$0.001 each to be allotted and issued by the Company upon conversion of the Convertible Bonds
Redemption by the Bondholders	up to 20% of the Convertible Bonds then outstanding may be redeemed at the request of the Bondholder on the first five Business Days of the 19th month after the Issue Date provided that the Bondholders gives the Company a redemption request not less than three days and not more than 30 days
Redemption by the Company	the Company shall have the right at any time prior to the Maturity Date to redeem the whole or any part of the outstanding Convertible Bonds by giving Bondholders 30 days' notice if the closing price of the Shares published in the Stock Exchange's Daily Quotation Sheet for each of the 20 consecutive dealing days preceding the redemption notice shall be equal to or greater than 150% of the Conversion Price in effect

Redemption at maturity	the Convertible Bonds will be redeemed at 115% of the outstanding principal amount upon maturity
Voting rights	the Bondholders will not be entitled to receive notice of, attend or vote at any general meeting of the Company
Transferability	the Convertible Bonds will be freely transferable from the Issue Date to any party. A Bondholder shall notify the Company for any transfer of the Convertible Bonds
	The Company has undertaken to the Stock Exchange that it will disclose any dealings in the Convertible Bonds by any connected persons or their associates
Listing	no application will be made for the listing of or permission to deal in the Convertible Bonds on the Stock Exchange or any other stock exchange overseas

### **Issue of New Shares**

Based on the Share Subscription Agreement dated 3 March 2003, the Company will, subject to certain conditions, settle the outstanding debts in the amount of HK\$304 million owing to 49 Group B Creditors by the issue of 15,213,959,900 New Shares at HK\$0.02 each, representing 9 times the issued ordinary share capital of the Company as at the date of this announcement and approximately 89.97% of the issued ordinary share capital as enlarged by the issue of such New Shares.

The issue of the New Shares shall constitute settlement of the indebtedness and the accrued interest up to 3 March 2003 due to 49 Group B Creditors.

All New Shares proposed to be issued under the Debt Restructuring will be credited as fully paid, and will rank *pari passu* in all respect with all Shares in issue.

The Conversion Price and the Subscription Price of HK\$0.02 per New Share represent a discount of approximately 23.08% to the closing price of HK\$0.026 per Share as quoted on the Stock Exchange on 28 February 2003, being the last trading date prior to the suspension of trading of the Shares on 3 March 2003 and a discount of approximately 15.25% to the average closing price of approximately HK\$0.0236 per Share based on the daily closing prices as quoted on the Stock Exchange over the ten trading days up to and including 28 February 2003.

### **CONDITIONS OF THE DEBT RESTRUCTURING**

The Debt Restructuring is conditional on the fulfillment of the following conditions:

1. the execution of the subscription agreements by the Participating Creditors representing not less than 90% of total claims of approximately HK\$829 million as at 3 March 2003 on or before 31 March 2003;
2. the passing of the relevant resolutions by the Shareholders to approve the Capital Reorganisation and the issue of the Convertible Bonds and the New Shares pursuant to the Debt Restructuring at the SGM;



3. the granting by the Listing Committee of the Stock Exchange of the listing and permission to deal in all the New Shares and Conversion Shares to be issued pursuant to the Debt Restructuring;
4. the publication of a notice of reduction of the ordinary share capital of the Company in an appointed newspaper in Bermuda; and
5. if required, the sanctioning of the Capital Reorganisation by the relevant authorities, judicial or otherwise in Hong Kong and/or Bermuda.

The Debt Restructuring will not proceed if the conditions precedent are not fulfilled on or before the long stop date, i.e. 15 July 2003 (save for condition (1) which shall be fulfilled on or before 31 March 2003) or such other date as may be agreed in writing between the Company and the Participating Creditors.

### **REASONS FOR THE DEBT RESTRUCTURING**

The terms of the Convertible Bond Subscription Agreement and the Share Subscription Agreement were negotiated on an arm's length basis and on normal commercial terms. The Directors believe that, if the Debt Restructuring is implemented, the aggregate unaudited total indebtedness of the Group will be significantly decreased from approximately HK\$1,120 million as at 3 March 2003 to approximately HK\$816 million, a decline of approximately 27%. Based on the unaudited net tangible asset value of the Group as at 30 April 2002 and adjusted for subsequent issues of shares and conversion of convertible securities up to the date of this announcement, the unaudited net tangible asset value of the Group will be increased from approximately HK\$509 million as at 3 March 2003 to approximately HK\$813 million and the gearing ratio of the Group will be decreased from 90.91% as at 3 March 2003 to 53.13% upon completion of the Debt Restructuring. The Directors estimate that the annual interest expenses will be reduced by approximately HK\$20 million. Overall, the financial position of the Group will be significantly improved. The Directors are also of the view that the proposed terms and conditions of the Debt Restructuring are fair and reasonable and the implementation of the Debt Restructuring is in the interest of the Group and the Shareholders as a whole.

### **IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

The following table set out the current shareholding structure of the Company and the effects thereon upon completion of the Capital Reorganisation and the Debt Restructuring.

	Existing shareholding		Upon completion of the Capital Reorganisation and Debt Restructuring		Upon completion of the Capital Reorganisation and Debt Restructuring and assuming full conversion of the Convertible Bonds		Upon completion of the Capital Reorganisation and Debt Restructuring and assuming full conversion of the Convertible Bonds, 2% Bonds, 5% Notes, Zero Bonds* and Preference Shares	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Falcon	101,750	0.006	101,750	0.000	101,750	0.000	101,750	0.000
Regent	191,250	0.011	191,250	0.001	191,250	0.001	191,250	0.001
Admiralty	191,250	0.011	191,250	0.001	191,250	0.001	191,250	0.001
Raymond Chan	12,327,000	0.727	12,327,000	0.073	12,327,000	0.046	12,327,000	0.046
Alexander Chan	12,327,000	0.727	12,327,000	0.073	12,327,000	0.046	12,327,000	0.046
Sub-total:	25,138,250	1.482	25,138,250	0.148	25,138,250	0.094	25,138,250	0.094
Creditors:								
- Tsun Fat	-	-	4,412,203,250	26.093	4,412,203,250	16.546	4,412,203,250	16.417
- Richsmart	-	-	-	-	4,180,712,350	15.678	4,180,712,350	15.555
- Other Participating Creditors	610,169	0.036	10,802,366,819	63.884	16,379,197,775	61.421	16,435,919,380	61.154
Public Shareholders	1,669,740,817	98.482	1,669,740,817	9.875	1,669,740,817	6.261	1,822,295,817	6.780
Total:	1,695,489,236	100.000	16,909,449,136	100.000	26,666,992,442	100.000	26,876,269,047	100.000

- Assume full conversion of the Zero Bonds with redemption premium of 100%

Upon completion of the Debt Restructuring, Tsun Fat will, become the single largest shareholder of the Company, holding 4,412,203,250 New Shares, equivalent to approximately 26.09% of the then issued ordinary share capital of the Company. Tsun Fat does not have any board representation in the Company and has no intention to appoint any new director or assume any management duties of the Company, including acquiring or disposing any assets of the Company.

It is the intention of Tsun Fat to place out the above-mentioned New Shares immediately after completion of the Debt Restructuring. However, in view of the prevailing market conditions, there is no certainty that Tsun Fat will be able to place out all the New Shares as intended.

In addition, the Company has been informed by Tsun Fat and Richsmart, the beneficial owners of which are Mr. Wong Chung Tak and Mr. Wong Fung Hing (the brother of Mr. Wong Chung Tak) respectively, that they are parties acting in concert as defined under the Takeovers Code. In the event that all Convertible Bonds are converted, the aggregate interest of Tsun Fat and Richsmart will increase to 32.22% and thus they will be required under the Takeovers Code to make a conditional mandatory offer for all the New Shares and convertible securities other than those held or to be acquired by them. As Tsun Fat and Richsmart have no intention of making such a general offer, Richsmart has advised that it will not exercise its conversion right pursuant to the Convertible Bonds before Tsun Fat is able to place out the New Shares it receives as a result of the Debt Restructuring. Save as disclosed, Tsun Fat and Richsmart are not acting in concert with any other Participating Creditors.



Save for Commodity Online Limited which is a wholly-owned subsidiary of the Company and to which the Company is owed approximately HK\$60 million, none of the Participating Creditors are acting in concert with and connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates as defined under the Listing Rules and the Takeovers Code. As such, the public float of the Company will not be affected.

Save as disclosed, no Participating Creditors who have signed the Subscription Agreements will become a substantial Shareholder of the Company upon completion of the Capital Reorganisation and Debt Restructuring but prior to conversion of any convertible securities.

#### **GENERAL MANDATE TO ISSUE NEW SHARES**

At the SGM, ordinary resolution will be proposed to grant a general mandate to the Directors to allot, issue and deal with additional New Shares not exceeding 20% of the aggregate nominal amount of the issued ordinary share capital of the Company immediately following completion of Debt Restructuring.

#### **ADJUSTMENT OF CONVERSION/SUBSCRIPTION PRICE OF THE 2% BONDS, 5% NOTES, ZERO BONDS, PREFERENCE SHARES AND SHARE OPTIONS**

Upon the Capital Reorganisation and the Debt Restructuring becoming effective, the conversion price of the 2% Bonds, 5% Notes, Zero Bonds, Preference Shares and the subscription price of the Share Options will be adjusted as appropriate, in accordance with the relevant terms and conditions. Further announcement(s) in this regard will be made as and when appropriate.

#### **INFORMATION ON THE GROUP**

The Group is principally engaged in refining, moulding, wholesaling and trading of gold bullion; the provision of loans and gold bullion financing; and wholesaling and retailing of gold ornaments, diamonds and other jewellery products, and provision of internet-based electronic trading system to facilitate trading of precious metals, internet content provider and related operations.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares has been suspended from 9:30 a.m. on 3 March 2003 pending the issue of this announcement and an application has been made for the resumption of trading of the Shares with effect from 9:30 a.m. on 13 March 2003.

## INFORMATION ON THE USE OF PROCEEDS FROM PAST PLACEMENTS AND SUBSCRIPTIONS SINCE MARCH 2002

The following information is disclosed at the request of the Stock Exchange:

Announce- ment date	Description of the announcement	Total amount of bonds issue (HK\$)	Issue price	Total proceeds (HK\$)	Less: Expenses	Net proceeds (HK\$)	Actual use of net proceeds	Use of proceeds as stated in the relevant announcements
15 March 2002	Proposed issue of convertible bonds	81,420,000	Face Amount	81,420,000	From Internal Resources	81,420,000	Repayment of promissory notes due to financial creditors of HK\$35,276,333, settlement of loan of HK\$3,000,000 and settlement of debts due to trade creditors of HK\$43,143,664	Reducing certain existing debts of the Group
24 April 2002	Proposed issue of convertible bonds	50,440,000	Face Amount	50,440,000	From Internal Resources	50,440,000	Settlement of debts due to trade creditors of HK\$38,899,986, settlement of loan of HK\$1,010,000, settlement of miscellaneous payables of HK\$134,014 and HK\$10,000,000 as working capital for gold bullion trading	Reducing certain existing debts of the Group
14 May 2002	Proposed issue of convertible bonds	88,000,000	Face Amount	88,000,000	From Internal Resources	88,000,000	Repayment of promissory notes due to financial creditors of HK\$80,000,000, settlement of debts due to trade creditors of 6,621,051, repayment of interests of convertible bonds of HK\$440,869 and payment of salaries, and directors emoluments of HK\$938,080	Reducing certain existing debts of the Group
23 May 2002	Proposed issue of convertible bonds	60,000,000	Face Amount	60,000,000	From Internal Resources	60,000,000	Settlement of bank loans of HK\$3,220,000, settlement of debts due to trade creditors of HK\$29,868,122, settlement of profits tax of HK\$326,687, salaries and directors emoluments of HK\$3,038,605 and other general expenses of HK\$2,111,563, repayment of interests of convertible bonds of HK\$2,184,000, settlement of loan interest of HK\$640,730, settlement of margin client account for gold bullion trading in the ordinary course of business of HK\$1,610,293 and down payment of HK\$17,000,000 made in July 2002 for a proposed investment in a jewellery wholesale centre in the PRC (Note (1)).	Reducing certain existing debts of the Group

26 June 2002	Proposed issue of convertible bonds 80,000,000	Face Amount	80,000,000	From Internal Resources	80,000,000	Repayment of promissory notes due to financial creditors of HK\$80,000,000	Reducing certain existing debts of the Group
19 July 2002	Proposed issue of convertible bonds 120,000,000	Face Amount	120,000,000	From Internal Resources	120,000,000	Repayment of promissory notes due to financial creditors of HK\$120,000,000	Reducing certain existing debts of the Group
30 August 2002	Proposed issue of convertible bonds 124,980,000	Face Amount	124,980,000	From Internal Resources	124,980,000	Settlement of bank loan of HK\$30,950,000, settlement of debts due to trade creditors of HK\$93,789,000 and other miscellaneous payments of HK\$241,000	Reducing certain existing debts of the Group

*Note:*

- (1) The reasons for the deviation of the use of proceed (i.e. the proposed investment in the jewellery centre in the PRC) were (i) the Directors considered the proposed investment in jewellery centre is a good business opportunity for the Group's continuous expansion in the PRC market and (ii) the Directors were successful in negotiating with those creditors involved for a deferral of repayment. Apart from this, all other proceeds were used as intended.
- (2) Save for (1), all other proceeds raised were used in accordance with intentions stated in the respective announcements.

## GENERAL

A circular containing further information on the proposed Capital Reorganisation and the Debt Restructuring and a notice convening the SGM will be dispatched to the shareholders as soon as practicable. Save for Commodity Online Limited, which is a wholly-owned subsidiary of the Company, none of the Participating Creditors is connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates as defined under the Listing Rules. Save for one Shareholder who is a Participating Creditor, no other Shareholders are required to abstain from voting at the SGM.

An application will be made to the Stock Exchange for the granting of the listing and permission to deal in all such New Shares and Conversion Shares pursuant to the Debt Restructuring.

**The proposed Capital Reorganisation and Debt Restructuring are subject to certain conditions set out above under the section headed "Conditions of the Debt Restructuring", including but not limited to, obtaining the Shareholders' approval at SGM. Accordingly, the Capital Reorganisation and Debt Restructuring may or may not proceed.**

Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

## DEFINITION

“2% Bonds”	HK\$116,780,000 3-year two per cent. convertible bonds issued on 6 January 2002 by the Company due on 6 January 2005 with the outstanding principal amount of HK\$31,210,000 upon completion of the Debt Restructuring;
“5% Notes”	US\$30,000,000 5-year five per cent. convertible notes issued on 28 April 1998 by the Company due on 28 April 2003 with outstanding principal amount of US\$8 million upon completion of the Debt Restructuring;
“Admiralty”	Admiralty Investment Company Limited, a company incorporated in the BVI with limited liability, which is wholly and beneficially owned by Alexander Chan;
“Alexander Chan	Mr. Chan Fat Leung, Alexander, the deputy chairman of the Company;
‘associates’	shall have the same meanings as defined in the Listing Rules;
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time;
“Business Day”	a day, other than a Saturday, on which licensed banks in Hong Kong are open for business throughout their normal trading hours;
“BVI”	the British Virgin Islands;
“Capital Reduction”	the proposed reduction of the nominal value of each issued Share from HK\$1.00 to HK\$0.001 by cancelling paid-up capital to the extent of HK\$0.999 on each issued Share;
“Capital Reorganisation”	the Capital Reduction and Share Subdivision;
“Company”	RNA Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Conversion Shares”	New Shares that may fall to be issued upon full conversion of the Convertible Bonds;
“Convertible Bonds”	the 3-Year zero coupon Convertible Bonds to be issued under the Convertible Bond Subscription Agreement;
“Convertible Bond Subscription Agreement”	the agreements dated 3 March 2003 entered into between the Company and 8 Group A Creditors in respect of settling the debts of the Group pursuant to the Debt Restructuring;
“Debt Restructuring”	the proposed issue of Convertible Bonds and/or New Shares to settle the outstanding debts owed to certain creditors of the Group;

“Director(s)”	the director(s) of the Company;
“Falcon”	Falcon Investment Company Limited, a company incorporated in BVI with limited liability, which is beneficially owned by Raymond Chan, Alexander Chan and their family members;
“Group”	the Company and its subsidiaries;
“8 Group A Creditors”	creditors with aggregate claims amounting to HK\$195 million who have signed and agreed to the terms and conditions of the Convertible Bond Subscription Agreement;
“49 Group B Creditors”	creditors with aggregate claims amounting to HK\$304 million who have signed and agreed to the terms and conditions of the Share Subscription Agreement;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	the lawful currency of Hong Kong;
“Issue Date”	the date of the issue of the Convertible Bonds;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share(s)”	Share(s) of HK\$0.001 each in the ordinary share capital of the Company in issue upon the Capital Reorganisation becoming effective;
“Participating Creditors”	creditors of the Group, who have been proposed to participate in the Debt Restructuring;
-	
“Preference Shares”	10,819,583 convertible redeemable preference shares with par value of HK\$1.00 and notional value of HK\$5.00 each and 67,800,000 convertible redeemable preference shares with par value of HK\$1.00 each, the full conversion of which will result in the issue of 90,173,000 Shares;
“Raymond Chan”	Mr. Chan Fat Chu, Raymond, the chairman of the Company;
“Regent”	Regent Investment Company Limited, a company incorporated in the BVI with limited liability, which is wholly and beneficially owned by Raymond Chan;

“Richsmart”	Richsmart Assets Limited, a creditor of the Company, the sole beneficial owner of which is Mr. Wong Fung Hing, who is the brother of Mr. Wong Chung Tak, is a party acting in concert with Tsun Fat, and is independent of and is not connected with the Company, any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;
“SGM”	the special general meeting of the Company to be held for the purpose of passing the relevant resolutions in relation to the Capital Reorganisation and the Debt Restructuring;
“Share Options”	the share option(s) granted to the employee(s) of the Group, including the Company’s executive directors, to subscribe for Shares pursuant to the share option scheme adopted on 8 November 1996 and amended on 31 December 2001;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the existing share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subdivision”	the subdivision of every unissued Share into 1,000 unissued New Share of HK\$0.001 each;
“Share Subscription Agreement”	the agreements dated 3 March 2003 entered into between the Company and 49 Group B Creditors in respect of settling the debt of the Group pursuant to the Debt Restructuring;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Subscription Agreements”	collectively, the Convertible Bonds Subscription Agreement and the Share Subscription Agreement;
“Subscription Price”	the issue price of HK\$0.02 per New Share pursuant to the Share Subscription Agreement;
“Takeovers Code”	The Codes on Takeovers and Mergers of the Securities and Futures Commission;
“Tsun Fat”	Tsun Fat Finance Company Limited, a creditor of the Company, the sole beneficial owner of which is Mr. Wong Chung Tak, the brother of Mr. Wong Fung Hing, is a party acting in concert with Richsmart, and is independent of and is not connected with the Company, any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules; and



“Zero Bonds”

HK\$124,980,000 3-year zero coupon convertible bonds issued on 23 September 2002 by the Company due on 23 September 2005 with the outstanding principal amount of HK\$31,191,000.

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

Hong Kong, 12 March 2003

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

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