RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 APRIL 2002

RESULTS

The board of directors (the "Board") of RNA Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2002.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Year ended 30 April **2002** *HK$'000*	**2001** *HK$'000*
TURNOVER	3	**8,571,203**	5,864,737
Cost of sales		**(8,378,247)**	(5,693,561)
Gross profit		**192,956**	171,176
Other revenue		**11,619**	18,748
Gain on deemed partial disposal of a subsidiary		**–**	85,170
General and administrative expenses		**(118,389)**	(98,228)
Selling and distribution expenses		**(8,815)**	(14,718)
Provision for impairment of fixed assets		**(13,499)**	–
Surplus/(deficit) on revaluation of investment properties		**(56,859)**	3,500
Provision for interest in a jointly-controlled entity		**–**	(41,928)
Provision for impairment of goodwill		**(57,676)**	–
Provision for impairment of long term investments		**(116,445)**	(7,686)
Provision for doubtful debts		**(80,000)**	(19,083)
Other operating expenses		**(11,139)**	(1,501)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	**(258,247)**	95,450
Finance costs		**(54,850)**	(73,337)
Share of profits and losses of associates		**93,872**	17
Amortisation of goodwill on acquisition of associates		**(74,909)**	–
Provision for impairment of goodwill on acquisition of associates		**(700,000)**	–
Share of losses of jointly-controlled entities		**(40)**	–
PROFIT/(LOSS) BEFORE TAX		**(994,174)**	22,130
Tax		**(47,080)**	(11,485)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		**(1,041,254)**	10,645
Minority interests		**(1,097)**	2,173
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**(1,042,351)**	12,818
DIVIDEND	5	**–**	(1,270)
		HK cents	*HK cents*
EARNINGS/(LOSS) PER SHARE	6		
Basic		**(28.90)**	0.87
Diluted		**–**	0.82

Notes:

1. BASIS OF PRESENTATION – GOING CONCERN

The accounts have been prepared on the assumption that the Group and the Company will continue to operate as a going concern notwithstanding the conditions prevailing at 30 April 2002 and subsequently up to the date of approval of the accounts. It is opined that the liquidity of the Group and the Company can be maintained in the foreseeable future, after taking into consideration several financing measures completed or to be completed subsequent to the balance sheet date together with other measures in progress at the date of approval of these accounts, the details of which are included in the annual report to be dispatched to the shareholders of the Company.

In preparing these accounts, the future liquidity of the Group has been considered in light of certain financing measures. Provided that approval of the debts restructuring as referred to in the Company's announcement dated 12 March 2003 from the shareholders of the Company and the Listing Committee of the Stock Exchange of Hong Kong Limited of the listing and permission to deal in all new ordinary shares to be issued or converted pursuant to the aforesaid debt restructuring can be obtained in near future, continued financial support can be obtained from its financial creditors, and the Group can recover commensurate portion of its long term receivables and money loan and accounts receivable subsequent to the date of approval of these accounts, the Group will be able to meet its financial obligations in full as they fall due in the foreseeable future.

The accounts do not incorporate any adjustments for the possible failure of the above mentioned measures and therefore the continuance of the Company and the Group as a going concern. Should the Group and the Company be unable to continue as a going concern, adjustments would have to be made to restate the values of the Group's and the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these potential adjustments has not been reflected in the accounts.

2. BASIS OF PREPARATION

These accounts have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP"), 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.

The following recently-issued and revised SSAPs and related Interpretations are effective for the first time for the current year's accounts:

- SSAP 9 (Revised): "Events after the balance sheet date"
- SSAP 14 (Revised): "Leases"
- SSAP 18 (Revised): "Revenue"
- SSAP 26: "Segment reporting"
- SSAP 28: "Provisions, contingent liabilities and contingent assets"
- SSAP 29: "Intangible assets"
- SSAP 30: "Business combinations"
- SSAP 31: "Impairment of assets"
- SSAP 32: "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12: "Business combinations – subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13: "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these accounts of those SSAPs and interpretations which have had a significant effect on the accounts are summarised as follows:

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments, which may be accounted for retrospectively or prospectively, in accordance with the requirements of the SSAP. The disclosure changes under the SSAP have resulted in changes to the detailed information disclosed for operating leases.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format, with the other as the secondary segment information reporting format. The impact of this SSAP is the inclusion of significant additional segment reporting disclosures.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of the SSAP and the interpretation has not resulted in a prior year adjustment.

SSAP 31 prescribes the recognition and measurement criteria for impairment of assets. The SSAP is required to be applied prospectively and therefore, has had no effect on amounts previously reported in prior year financial statements.

3. TURNOVER

Turnover represents the net invoiced value of gold bullion, gold ornaments, diamonds and jewellery products sold, after allowance for returns and trade discounts; the value of services rendered; commission and interest income on commodity trading; and interest income received and receivable from the provision of loans and gold bullion financing during the year.

	2002	2001
	HK$'000	*HK$'000*
Turnover		
Sales of gold bullion	**8,488,678**	5,636,458
Sales of gold ornaments, diamond and jewellery products	**58,999**	105,415
Money lending and bullion financing	**23,220**	122,511
Provision of internet-based electronic trading system to facilitate trading of precious metals and related business	**306**	353
	8,571,203	5,864,737

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	2002	2001
	HK$'000	*HK$'000*
Staff costs (excluding directors' remuneration)		
Wages and salaries	**39,904**	28,402
Pension contributions	**1,721**	1,462
Less: Forfeited contributions	**(2,182)**	(153)
Net pension contributions*	**(461)**	1,309
	39,443	29,711
Directors' remuneration	**15,342**	5,591
Auditors' remuneration	**4,880**	3,280
Depreciation	**10,842**	13,127
Loss on disposal of fixed assets	**2,366**	274
Provision for properties held for resale	**–**	1,501
Provision for investment securities	**–**	7,686
Minimum lease payments under operating leases on land and buildings	**2,834**	5,713
Exchange losses, net	**2,014**	1,145
Net rental income	**(9,510)**	(10,121)
Interest income	**(38,893)**	(155,776)

* There were no forfeited contributions available at the balance sheet date to reduce contributions to the pension scheme in future years (2001: Nil).

5. DIVIDEND

	2002	2001
	HK$'000	*HK$'000*
Preference shares, paid, of Nil (2001: HK$0.05) per share	–	1,270

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK$1,042,351,000 (2001: net profit of HK$12,818,000) less preference dividends of Nil (2001: HK$1,270,000), and on the weighted average number of 3,606,811,513 (2001: 1,329,626,198) ordinary shares in issue during the year.

Diluted loss per share for the year ended 30 April 2002 has not been disclosed because the outstanding share options, convertible notes, convertible bonds and redeemable convertible preference shares during the year had an anti-dilutive effect on the basic loss per share for the year.

The calculation of diluted earnings per share for the year ended 30 April 2001 was based on the net profit attributable to shareholders of HK$12,818,000 less preference share dividend of HK$1,270,000 and the weighted average number of 1,329,626,198 ordinary shares in issue during the year plus 86,507,275 ordinary shares deemed to be issued if the share options had been exercised. 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

Due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items in the accounts have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

SUMMARY OF AUDITORS' REPORT

The evidence available to the auditors was limited as follows:

1. Scope limitation – Recognition of sales and purchases of gold bullion, hedging gains, finance receivables and related interest income and the recoverability of the related receivables

During the year ended 30 April 2002, the Group recorded sales of gold bullion of HK$189,608,000 to a number of overseas incorporated companies and individuals, on credit, (the "Bullion Receivables") of which the corresponding purchases amounted to HK$190,804,000. The aforesaid sales and purchases and the gross loss arising thereon of approximately HK$1,196,000, together with related interest income of HK$1,288,000 arising on the overdue Bullion Receivables balances have been included in the Group's turnover, cost of sales, gross profit and interest income and, consequently, have been included in determining the Group's net loss for the year ended 30 April 2002. Due to the lack of adequate supporting documentation in connection with these sales and purchases, the auditors have not been able to obtain sufficient reliable evidence they consider necessary to satisfy themselves that such sales and purchases of gold bullion and the related interest income should be recognised in the consolidated profit and loss account, nor have the auditors been able to satisfy themselves that the Bullion Receivables so arising were fairly stated for the year ended and as at 30 April 2002.

Any adjustments found to be necessary in relation to these transactions would have a consequential impact on the Group's net assets as at 30 April 2002 and the consolidated turnover, cost of sales and interest income, the net loss for the year then ended, and the related disclosures thereof in these financial statements.

During the year, the Group entered into forward contracts with certain individuals (the “Hedging Receivables”). Included in the consolidated cost of sales for the year ended 30 April 2002, the Group recorded a total of HK$232,986,000 forward contract hedging gains in respect thereof. Hedging Receivables of the same amount were recorded during the year. These were recorded as being settled by the delivery of gold bullion of the same amount from these individuals.

Due to the lack of adequate supporting documentation in connection with the aforesaid hedging gains, the auditors have not been able to obtain sufficient reliable evidence they consider necessary to satisfy themselves that such forward hedging gains should be recognised in the consolidated profit and loss account.

Included in the consolidated long term receivables as at 30 April 2002 are overdue finance receivables (the “Finance Receivables”) of HK$120,628,000 representing gold bullion finance provided to certain overseas companies in respect of which the source of gold bullion of HK$117,002,000 so financed was recorded as arising from the settlement of certain Hedging Receivables as noted above and the remaining balance of HK$3,626,000 from other sources.

As more fully explained in the note to the financial statements, the Group entered into a co-operative agreement (the “Agreement”) subsequent to the balance sheet date on 11 March 2003, with one of the Bullion Receivables debtors (the “Agent”) to jointly develop a gold mine in Mainland China (the “Gold Mine”). Pursuant to the terms of the Agreement, the Agent agreed to collect a total amount of HK$130 million per annum in connection with receivables at that date of HK$877,608,000 (including the Bullion Receivables of HK$190,896,000 (as noted above) and Finance Receivables of HK$120,628,000 (as noted above) on behalf of the Group over a period of nine consecutive years, otherwise all future profits generated from the Gold Mine could be used to offset these outstanding receivables. As a consequence thereof the Bullion Receivables and Finance Receivables were classified as non-current assets (the “Long Term Receivables”) in the consolidated balance sheet as at 30 April 2002.

At the date of approval of these financial statements, the gold mining processes in connection with the Gold Mine had yet to commence operations and no money had been collected from the Agent. In view of their inability to assess either the viability of the Gold Mine project, or to assess the ability of the Agent to procure the repayment to the Group, the auditors have also been unable to obtain sufficient reliable information or to carry out alternative auditing procedures to satisfy themselves as to the recoverability of Long Term Receivables as at 30 April 2002 and up to the date of this report. Any adjustments to the carrying amount of Long Term Receivables that might be found to be necessary would have a consequential impact on the Group’s net assets as at 30 April 2002 and the loss for the year then ended.

2. **Scope limitation – Recognition of sales and purchases of gold bullion and their recoverabilities ("Accounts Receivable")**

During the year ended 30 April 2002 and as explained in point 1 of this report, part of the gold bullion recorded as been acquired as a result of the settlement of Hedging Receivables in the amount of HK$115,984,000 was recorded as being sold by the Group to a number of individuals for HK$116,296,000. In addition, the Group's records also reflect gold bullion sales of HK$114,045,000 to an individual in Hong Kong and certain Hong Kong incorporated companies. The corresponding recorded purchases so arising from such sales transactions amounted to HK$115,511,000. These sales as well as interest of HK$5,600,000 so arising on the overdue balance have been included in determining the Group's net loss for the year ended 30 April 2002. As at 30 April 2002, included in money loan and accounts receivable is a gross amount of HK$235,941,000 so arising. Included in the consolidated profit and loss account for the year ended 30 April 2002 is a provision of HK$76,800,000 against certain accounts receivable included in the foregoing HK$235,941,000.

Due to the lack of adequate supporting documentation in connection with these sales and the related purchases of gold bullion, the auditors have not been able to obtain sufficient reliable evidence they consider necessary to satisfy themselves as to whether such sales and purchases of gold bullion were fairly stated for the year ended 30 April 2002. As a result of this scope limitation and in the absence of adequate evidence to assess the recoverability of the amounts due in respect thereof, the auditors were unable to obtain sufficient evidence to ascertain that the accounts receivable so arising from these transactions as at 30 April 2002 were fairly stated.

Owing to the scope limitation noted above, the auditors have also been unable to perform the necessary procedures they consider necessary to satisfy themselves as to whether the provision of HK$76,800,000 determined by the directors is adequate but not excessive.

Any adjustments found to be necessary in relation to the above transaction would have a consequential impact on the Group's net assets as at 30 April 2002 and the loss for the year then ended.

3. **Scope limitation – Recoverability of money loan receivables**

Included in money loan and accounts receivable in the consolidated balance sheet as at 30 April 2002 is an amount due from two money loan debtors amounting to HK$44,032,000. The auditors were unable to obtain sufficient evidence to assess the recoverability thereof. Any adjustments found to be necessary in relation to these money loan receivables would have a consequential impact on the Group's net assets as at 30 April 2002 and the loss for the year then ended.

4. **Scope limitation – Carrying value of interests in certain associates**

The Group has certain equity interests in associates, which, through contractual arrangements, hold various profit-sharing interests in a network of over 150 gold ornaments and jewellery retail outlets located throughout various cities in Mainland China. As at the balance sheet date, the Group's interests in these associates primarily represented goodwill arising on their acquisition amounting to HK$723 million (being the carrying value of goodwill of HK$1,498 million net of a current year provision for impairment of HK$700 million and accumulated amortisation charge of HK$75 million).

During the year, the Group recorded a share of results from these associates of HK$95 million in the consolidated profit and loss account which represented dividend distributions from these associates. The entire amount of these dividends was received by the Group during the year. The auditors were unable to perform the procedures that they considered necessary to substantiate the correct amount of the Group's share of results from these associates for the year and consequently, its carrying value as at 30 April 2002.

As more fully explained in the note to the financial statements, the Group has also recorded an impairment provision of HK$700,000,000 against the goodwill arising on the acquisition of these associates. Due to unavailability of reliable financial information concerning the associates, the auditors have not been able to perform the procedures they consider necessary to satisfy themselves as to whether the impairment provision determined by the directors is appropriate.

Any adjustments to either the share of results from these associates, and/or the impairment provision on goodwill arising from the acquisition of these associates would have a consequential impact on the Group's net assets as at 30 April 2002 and its loss for the year then ended.

5. Scope limitation – Inventories

As set out in the note to the financial statements, certain inventories of the Group, aggregating HK$76,313,000, were pledged as security against promissory notes issued by a wholly-owned subsidiary of the Group to a financial creditor. These inventories, which were acquired in the prior year, continued to be pledged to the financial creditor up to the date of this report. During the audit, the directors have advised that there are no slow-moving or obsolescence problems affecting these inventories and, therefore, they should be stated at cost. However, the auditors were unable to perform any necessary procedures so as to satisfy themselves as to the directors' assessment.

In the absence of satisfactory evidence to support the directors' assessment, the auditors have not been able to satisfy themselves as to whether these inventories included in the consolidated balance sheet as at 30 April 2002 were fairly stated. Any adjustments found to be necessary in relation to these inventories would have a consequential impact on the Group's net assets as at 30 April 2002 and the net loss for the year then ended, and the related disclosures thereof in the financial statements.

6. Scope limitation – Provision for impairment of a subsidiary

Included in the profit and loss account of the Company for the year ended 30 April 2002 is an impairment provision of HK$700,000,000 against an amount due from a subsidiary used for the purpose of financing the acquisition of certain associates (see also point 4 above). As a result of the scope limitations detailed in point 4 above, the auditors have been unable to perform the procedures they consider necessary to satisfy themselves as to whether the impairment provision determined by the directors against the carrying value of interests in subsidiaries as at 30 April 2002 is appropriate. Any adjustments that might have been found to be necessary would have a consequential impact on the Company's net assets as at 30 April 2002 and its loss for the year then ended as dealt with in these financial statements.

In forming their opinion the auditors also evaluated the overall adequacy of the presentation of information in the financial statements. The auditors believe that their audit provides a reasonable basis for their opinion.

Qualification arising from disagreement about accounting treatment and scope limitation on fair value of long term investments

As more fully explained in the note to the financial statements, the Group's long term investments are not stated in the balance sheet at their fair values. Under the provisions of Hong Kong Statement of Standard Accounting Practice 2.124 "Accounting for investments in securities" ("SSAP 24"), such long term investments should be initially recorded at fair value at the date of acquisition of HK$71,745,000. However, the Group's long term investments are stated at HK$1,365,000 (representing the original recorded value of HK$117,810,000 less an impairment provision of HK$116,445,000) based on their ultimate realisation value on 4 April 2003 being substantially later than the 30 April 2002 balance sheet date. Accordingly, in their opinion the requirements of SSAP 24 have not been met. In view of the nature of such long-term investments they are unable to determine the fair value of long term investments at the balance sheet date, but it is probable that some or all of the provision for impairment losses recorded in the year ended 30 April 2002 would not have been necessary. The effect of any adjustments so arising would have been to reduce the Group's loss for the year and the accumulated losses at 30 April 2002 by an equivalent amount. Further, the investment should initially have been recorded on acquisition at the fair value of HK$71,745,000 instead of the amount of HK$117,810,000. Accordingly, the share premium account should have been reduced by HK$46,065,000 and the net loss for the year and the accumulated losses as at 30 April 2002 be reduced by the same amount.

Fundamental uncertainty relating to going concern of the Group

In forming their opinion, the auditors have considered the adequacy of the disclosures made in the note to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in the note to the financial statements, the directors are currently undertaking various measures including the proposed debt restructuring, an asset disposal plan and other various fund raising measures to relieve the Group from its current liquidity problem (the "Measures") as well as working on the recovery of certain receivables, further particulars of which are set out in points 1 to 3 of this report above. The financial statements have been prepared on a going concern basis, the validity of which depends on the successful completion of the Measures by the Group or the recovery of these receivables to meet its future working capital and financial requirements. The financial statements do not include any adjustments that would result from the failure to complete the Measures or the recovery of a commensurate portion of these receivables.

The auditors consider that appropriate disclosures have been made in the financial statements but, because of the significant uncertainty relating to the successful completion of the Measures and the recovery of these receivables in the near future, they are unable to determine whether the going concern basis used in preparing the financial statements is appropriate. Accordingly, the auditors have disclaimed their opinion.

Disclaimer of opinion

Because of the significance of each of (i) the possible effects of the scope limitations in evidence available to them, as set out in points 1 to 6 under the basis of opinion section of this report, and (ii) 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 Group and of the Company as at 30 April 2002 and of the loss of the Group and the Company and the 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.

Had they not disclaimed their opinion they would have qualified their report as to their disagreement with the Group's accounting treatment under the heading "Qualification arising from disagreement about accounting treatment and scope limitation of long term investments" above.

In respect alone of the limitations on the auditors' work as set out above, they have not obtained all the information and explanations that they considered necessary for the purpose of their audit and they are unable to determine whether proper books of accounts have been kept.

DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

The Group's turnover for the year was approximately HK$8,571 million representing 46% increase from approximately HK$5,864 million for the previous year. The significant increase in the turnover was mainly attributable to the additional source of gold supplies obtained by the gold bullion operation. However, the jewellery operation of the Group only recorded a turnover of approximately HK$59 million for the year representing a 52% decrease from HK$122.5 million for the previous year as a result of the softened economy in Hong Kong and high unemployment causing to a poor sentiment in consumption.

For the year ended 30 April 2002, the Group recorded a net loss attributable to shareholders of HK$1,042 million mainly resulting from certain provisions for impairment for approximately HK$887.6 million and a provision for doubtful debts of HK$80 million. Included in the provisions for impairment, HK$700 million provision for impairment of goodwill was made for the business of the jewellery retail network in which a number of investment vehicles held by the associates of the Group through contractual arrangement hold profit-sharing interests ("Jewellery Retail Network"). Such provision for impairment of goodwill was determined based on a business valuation performed by an independent professionally qualified valuer.

In comparison with the unaudited results for the year ended 30 April 2002 as announced on 19 September 2002, the following are the major adjustments made in the audited results for the year:

- Provision for impairment of goodwill of approximately HK$57.7 million arising from acquisition of certain subsidiaries which had been previously eliminated against consolidated reserves.
- Provision for impairment of long term investments of approximately HK$13.6 million which was under-provided in the unaudited results

- Provision for impairment of fixed assets of HK$13.5 million
- Adjustments for recognition of operating loss of approximately HK$42 million in the unaudited results
- Provision for tax of approximately HK$28.4 million which was under-provided in the unaudited results

Business review

Hong Kong

The second half of Year 2001 had spotted an increase in gold price movements which prevailed an upward trend throughout the year end of 2002. The investment markets once again take the precious metal markets into consideration and there had been more participation in the gold investment market since then. On the other hand, the Group also faced increased competition from competitors who would like to benefit from the increased activities in the gold markets as well and given the fundamental slowdown of the US economy affecting other external economies, demand for gold and jewellery had also been affected.

The jewellery retail business of the Group in Hong Kong continued to face the softened consumer purchasing power in view of sustained high unemployment and slowdown in Hong Kong economy. Nevertheless, the Group is confident of the recovery of the economy and that the jewellery retail business of the Group will benefit from it thereon.

China

During the year under review, the Jewellery Retail Network not only contributed a cash distribution of approximately HK$94 million to the Group but also further enhanced the knowledge of the management in the running its jewellery franchise business in China as well as the logistic operation of retail business in China.

With the experience further gained from the Jewellery Retail Network, the Group has also introduced its "Diamond Link" as a franchised jewellery brand to China in April 2002. As the product range of Diamond Link focuses on the specialty of the diamond and platinum jewellery with its market niche, it has been successfully launched to have three franchised outlets in Shanghai, Changchun and Harbin respectively. Moreover, various negotiations with the potential franchisees have also been commenced for opening of franchised outlets in Chengdu, Qingdao, Nanjing, Beijing, Dalian, Shenzhen, Qinhuangdao, Xian, Shenyang and Wuhan. As the initial response to the franchise of Diamond Link is encouraging, the Group is confident in establishing a firm presence in the China jewellery market.

In June 2002, the Company entered into an agreement with the National Integrated Company of Hualian Commerce Buildings, Limited (全國華聯商廈聯合有限責任公司) ("Hualian") for the formation of a strategic alliance to further expand the gold and jewellery operations in the PRC. Hualian was established in 1994 and became the core enterprise of the Hualian Group. Hualian Group is made up of 47 member units concentrated mainly in the eastern part of the PRC and the principal activity of the Hualian Group is to operate a chain of department stores and supermarkets.

In September 2002, the Company continued to be the link to enhance the information and knowledge exchanges between international and China gold industry by organizing The 6th Annual RNA China Gold and Precious Metals Conference in Shanghai which was attended by hundreds of representatives of gold and jewellery enterprises from China, Hong Kong and other international jewellers. Renowned speakers from the international gold industry were invited to share insights to the continued liberalization of the China gold industry.

Penang, Malaysia

In view of the slow economic recovery of the region, sales activities in Malaysia were slowed down. Nevertheless, the operations were able to sustain and are looking forward to pick up once the fundamental demand improves.

Liquidity and financial resources

As at 30 April 2002, the Group had bank borrowings of HK$227.1 million, other short term borrowings of HK$46.2 million, convertible notes of HK$129.2 million, promissory notes of HK$39 million and convertible bonds of HK$84.9 million. Of these borrowings, approximately HK$227.1 million as secured by a charge over certain of the Group's inventories, investment securities and properties and approximately HK$430.4 million was repayable within one year. The current ratio of the Group as at 30 April 2002 was improved to 0.45 based on the total current assets of HK$425.8 million and the total current liabilities of HK$943.9 million in comparison with that in the previous year at 0.40. Calculated on the basis of the Group's net borrowings after deduction of cash and bank balances of HK$11.4 million and gold bullion of HK$74.5 million over shareholders' fund of HK$621.5 million, the Group had a gearing ratio of 0.71 as at 30 April 2002.

During the year under review, the Group had raised an aggregate sum of approximately HK$401.5 million by placement of new shares of HK$163.3 million and issue of convertible bonds of HK$238.2 million for working capital and debt reduction. Of these convertible bonds, approximately HK$153.3 million was converted into ordinary shares in the Company and the outstanding balance as at 30 April 2002 amounted to HK$84.9 million.

The Group is undergoing Debt Restructuring with reference to the announcements dated 12 March 2003 and 15 April 2003. It is in the opinion of the directors that, if the Debt Restructuring is successfully implemented, the total liabilities as at 27 March 2003 could be reduced by HK$322 million, equivalent to approximately 28% of the total indebtedness as at 27 March 2003. The net asset value of the Group would be improved as well by the same amount accordingly. It is expected that the 2002 Annual Report and the circular of the Debt Restructuring will be dispatched on the same date.

Employees

As at 30 April 2002, the Group had 168 employees and the total staff costs including directors' remuneration amounted to HK$54.8 million for the year ended 30 April 2002.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by the rotation in accordance with the Company's Bye-laws, throughout the year ended 30 April 2002.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises two independent non-executive directors of the Company, Mr. Ma Kwok Keung and Mr. Lim Siang Kai.

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 as soon as practicable.

RESIGNATION OF DIRECTOR

The Board announces that Mr. Lo Chi Kin, Andie tendered his resignation as an executive director of the Company with effect from 15 June 2003.

The Board would like to thank Mr. Lo for his contribution during his directorship with the Company.

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

Hong Kong, 17 June 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2002 Annual General Meeting of the Company will be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong on 14 July 2003 at 8:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and Auditors for the year ended 30 April 2002.

2. To re-elect the Directors and to authorise the Directors to fix their remuneration.

3. To re-appoint Ernst & Young as auditors and to authorise the Directors to fix their remuneration.

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Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or more than one proxy (for member holding two or more shares) to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. In order to be valid, the completed proxy form together with any power of attorney (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's 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 not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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