
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 you should take, you should consult your 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 with the accompanying proxy form to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

**PROPOSED CAPITAL REORGANISATION AND
DEBT RESTRUCTURING OF
THE COMPANY AND CERTAIN SUBSIDIARIES AND
GENERAL MANDATE TO ISSUE NEW SHARES**

Financial Adviser to RNA Holdings Limited



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

A notice convening the SGM of RNA Holdings Limited to be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong on 14 July 2003 at 8:30 a.m. (or so soon thereafter the annual general meeting of RNA Holdings Limited to be held on the same date) is set out on pages 25-28 of this circular. Whether or not you propose to attend the meeting, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon to RNA Holdings Limited'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 as soon as possible and in any event not later 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 adjournment thereof should you so wish.

21 June 2003

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DEFINITIONS

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

“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, the holder of which has agreed to participate in the Debt Restructuring and no principal and accrued interest of such convertible bonds will be outstanding 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, the holders of which have signed the Subscription Agreements and no principal and accrued interest of such convertible notes will be outstanding 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
“Asian Capital”	Asian Capital (Corporate Finance) Limited, a deemed licensed corporation registered under the SFO and the financial adviser to the Company
“associates”	shall have the same meanings as defined in the Listing Rules
“Board”	the board of Directors
“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Cheung Kong”	Cheung Kong (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange, holds 22,420,169 Shares, representing approximately 1.32% of the existing issued share capital of the Company
“Commodity Online”	Commodity Online Limited, a wholly-owned subsidiary of the Company and one of the Participating Creditors
“Companies Act”	Companies Act 1981 of Bermuda
“Company”	RNA Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of 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 Agreements
“Convertible Bond Subscription Agreements”	the individual and separate agreements entered into between the Company and 19 Group A Creditors during the period between 3 March 2003 and the Latest Practicable Date 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 other three family members, each of whom holds 20% interest
“Group”	the Company and its subsidiaries
“Group A Creditor(s)”	19 creditors who have each signed and agreed to the terms and conditions of the Convertible Bond Subscription Agreements, save for DBS Nominees Pte Limited which has confirmed to subscribe for Convertible Bonds and will sign the Convertible Bond Subscription Agreement prior to the SGM
“Group B Creditor(s)”	56 creditors who have each signed and agreed to the terms and conditions of the Share Subscription Agreement, save for DBS Nominees Pte Limited which has confirmed to subscribe for New Shares and will sign the Share Subscription Agreement prior to the SGM

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	the lawful currency of Hong Kong
“Hutchison”	Hutchison Whampoa Limited, an associated company of Cheung Kong, the shares of which are listed on the Main Board of the Stock Exchange; it holds 17,380,000 Shares, representing approximately 1.03% of the existing issued share capital of the Company
“Issue Date”	the date of the issue of the Convertible Bonds
“Latest Practicable Date”	18 June 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midro”	Midro Limited, a wholly-owned subsidiary of Cheung Kong, a Shareholder which holds 610,169 Shares and one of the Participating Creditors; it will hold 370,710,419 New Shares immediately upon completion of the Debt Restructuring; it is independent of and is not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules
“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 Creditor(s)”	Creditor(s) of the Group who have been proposed to participate in the Debt Restructuring
“PRC”	People’s Republic of China
“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

DEFINITIONS

“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held for the purpose of passing the relevant resolutions in relation to the proposed Capital Reorganisation and the Debt Restructuring, and general mandate to issue New Shares
“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 Agreements”	the individual and separate agreements entered into between the Company and 56 Group B Creditors during the period between 3 March 2003 and the Latest Practicable Date 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

DEFINITIONS

“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
“Trasy”	Trasy Gold Ex Limited, a 50.07% subsidiary of the Company and a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“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
“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

EXPECTED TIMETABLE

2003

Latest time for the Shareholders to lodge forms of proxy for the SGM	8:30 a.m., 12 July
SGM	8:30 a.m., 14 July
Last time and date of trading in the Shares	4:00 p.m., 15 July
Commencement of trading in the New Shares	16 July
First day for free exchange of the certificates for the Shares for new certificates for the New Shares	16 July
Latest date for free exchange of the certificates for the Shares for new certificates for the New Shares	16 August

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*)
SIT Chun Sze
TSUI Muk Ming, Danny
MA Kwok Keung*
LIM Siang Kai*
Ahmad Fuad HAJI MD ALI**

* *Independent non-executive directors*

** *Non-executive director*

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

21 June 2003

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

Dear Sir or Madam,

PROPOSED CAPITAL REORGANISATION AND DEBT RESTRUCTURING OF THE COMPANY AND CERTAIN SUBSIDIARIES AND GENERAL MANDATE TO ISSUE NEW SHARES

I. INTRODUCTION

The Company announced on 12 March 2003 the principal terms of a restructuring proposal which the Directors have put forth to the Shareholders for consideration. Such restructuring proposal involves the Capital Reorganisation and Debt Restructuring which, if successfully implemented, will significantly reduce the total indebtedness of the Group and improve the financial position of the Group.

The purpose of this circular is to provide you with further information on (a) the Capital Reorganisation; (b) the Debt Restructuring; (c) the granting of general mandate to issue New Shares; and (d) the notice of the SGM convened for the purpose of considering and, if thought fit, approving the necessary resolutions to implement such proposal.

LETTER FROM THE BOARD

II. 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 authorised unissued Shares be subdivided into 1,000 New Shares.

Capital Reduction

As at the Latest Practicable Date, 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 accumulated losses of the Company, which was approximately HK\$982 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 each. 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.

LETTER FROM THE BOARD

Effect of the Capital Reorganisation

The implementation of the Capital Reorganisation will not, of itself, affect the underlying assets, business operations, management and financial position of the Company or the interests of the Shareholders.

The effect of the Capital Reorganisation is summarised below:

	Immediately prior to the Capital Reorganisation	Upon the Capital Reorganisation becoming effective
Nominal value of each Share/New Share	HK\$1.000	HK\$0.001
Number of authorised Shares/New Shares	9,930,000,000	8,236,206,253,236
Authorised share capital	HK\$9,930,000,000	HK\$8,236,206,253
Number of Shares/New Shares in issue	1,695,489,236	1,695,489,236
Issued and fully paid up capital	HK\$1,695,489,236	HK\$1,695,489

III. DEBT RESTRUCTURING

Under the Debt Restructuring, the Company has agreed to issue, at the option of the Participating Creditors, the Convertible Bonds and/or New Shares to set-off the outstanding claims in full and final settlement thereof. All indebtedness figures were as at 31 March 2003 and are provided for illustrative purposes.

As at 31 March 2003, the aggregate unaudited total indebtedness of the Group amounted to approximately HK\$1,277 million (it was HK\$1,134 million in the beginning of March 2003 as stated in the announcement dated 16 April 2003), comprising indebtedness of the Company of approximately HK\$443 million and that of the Company's subsidiaries of approximately HK\$834 million (for which the Company has provided corporate guarantee in the aggregate amount of approximately HK\$427 million). The Company has proposed to the Participating Creditors with aggregate claims of approximately HK\$1,169 million (it was HK\$826 million in the beginning of March 2003 as stated in the announcement dated 16 April 2003), to participate in the Debt Restructuring. The Participating Creditors with aggregate claims of approximately HK\$764 million have signed the Subscription Agreements and/or agreements with similar terms and conditions as at the Latest Practicable Date, including Midro, Commodity Online and DBS Nominees Pte Limited (which is not a Shareholder and has confirmed to settle its outstanding claims by subscribing a combination of Convertible Bonds and New Shares and will sign the Subscription Agreements prior to the date of SGM).

Midro, one of the Participating Creditors with an aggregate claim of approximately HK\$95 million on the Group, has signed the Subscription Agreement for the claims of approximately HK\$36 million to be settled by way of subscribing for Convertible Bonds in the amount of approximately HK\$28 million and New Shares in the amount of approximately HK\$7 million. The remaining claims of approximately

LETTER FROM THE BOARD

HK\$59 million are currently held through promissory notes (secured by 5% Notes of the equivalent amount held by Commodity Online), for which Midro has agreed to replace them with new promissory notes, the terms of which are essentially the same as those of proposed Convertible Bonds to be issued.

Further, the Company has made and will continue to make standstill arrangements with certain Participating Creditors with aggregate claims of approximately HK\$246 million whereby instead of immediate debt repayment due on the Group, the Company and these Participating Creditors have agreed and will agree to postpone their debt repayments by designated time periods.

The remaining indebtedness of approximately HK\$169 million will not be dealt with in the Debt Restructuring. These debts comprised trade payable, non trade loans and payable, tax payable and broker fees, which will be repaid during normal course of business. The Company expects to repay these debts with internal financial resources or refinance them in due course, and as at the Latest Practicable Date, the Company has no intention of any fund raising activities for debt repayment or refinancing purposes.

Save for Commodity Online, 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 intends to settle its outstanding claim with the subscription of Convertible Bonds. In addition, it has no intention of converting the Convertible Bonds and has agreed to assign the Convertible Bonds to Midro as collateral for the new promissory notes to be held by Midro.

To the best knowledge of the Directors, save for Midro who holds 610,169 Shares in the Company as at Latest Practicable Date, no other Participating Creditors have any shareholding in the Company.

Issue of Convertible Bonds

Based on the Convertible Bond Subscription Agreements, the Company will, subject to certain conditions, settle the outstanding debts and accrued interest in the amount of approximately HK\$424 million owing to 19 Group A Creditors by the issue of Convertible Bonds to the same extent.

The conversion of the Convertible Bonds (excluding those to be held by Commodity Online which, as mentioned above, will not convert the Convertible Bonds and will assign them to Midro) will result in 18,183,042,571 New Shares being issued, representing approximately 10.7 times the issued ordinary share capital of the Company as at the Latest Practicable Date, approximately 91.5% of such the issued ordinary share capital as enlarged by the conversion and approximately 49.3% 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 56 Group B Creditors.

LETTER FROM THE BOARD

Principal terms of the Convertible Bonds

Total Amount	up to HK\$620 million, the maximum amount of Convertible Bonds allowed to be issued pursuant to the Convertible Bond Subscription Agreements
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

LETTER FROM THE BOARD

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 Agreements, the Company will, subject to certain conditions, settle the outstanding debts in the amount of approximately HK\$340 million owing to 56 Group B Creditors by the issue of 17,011,153,135 New Shares at HK\$0.02 each, representing 10 times the issued ordinary share capital of the Company as at the Latest Practicable Date and approximately 90.9% 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 total accrued interest due to 56 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 26% to the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on 30 May 2003, being the last trading day of the Shares before suspension prior to the Latest Practicable Date and a discount of approximately 6.1% to the average closing price of approximately HK\$0.0213 per Share based on the daily closing prices as quoted on the Stock Exchange over the ten trading days up to the Latest Practicable Date.

Application will be made to the Listing Committee of the Stock Exchange for the granting of, and permission to deal in, the New Shares as a result of the Capital Reorganisation and Debt Restructuring.

IV. CONDITIONS OF THE DEBT RESTRUCTURING

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

- (1) the execution of the Subscription Agreements by the Participating Creditors representing not less than 90% of total claims of approximately HK\$1,169 million 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;

LETTER FROM THE BOARD

- (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 in an appointed newspaper in Bermuda on a date not more than 30 days and not less than 15 days before the date as from which the Capital Reduction is to take effect in accordance with section 46 of the Companies Act; and
- (5) if required, the sanctioning of the Capital Reorganisation by the relevant authorities, judicial or otherwise in Hong Kong and/or Bermuda.

Condition (1), laid down by certain Participating Creditors, was not fulfilled on 31 March 2003, after which these Participating Creditors continued to consider the Debt Restructuring and were satisfied with the overall acceptance level of the total claims owed to the Participating Creditors. On 10 April 2003, these Participating Creditors informed the Company in writing that they waived this condition, the details of which were announced on 15 April 2003.

The Debt Restructuring will take effect immediately upon fulfilment of the above conditions. 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 or such other date as may be agreed in writing between the Company and the Participating Creditors.

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.

LETTER FROM THE BOARD

V. IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets 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	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Falcon	101,750	0.006	101,750	0.001	101,750	0.000
Regent	191,250	0.011	191,250	0.001	191,250	0.001
Admiralty	191,250	0.011	191,250	0.001	191,250	0.001
Raymond Chan	12,327,000	0.727	12,327,000	0.068	12,327,000	0.033
Alexander Chan	12,327,000	0.727	12,327,000	0.068	12,327,000	0.033
Sub-total	25,138,250	1.483	25,138,250	0.134	25,138,250	0.068
<i>Participating Creditors⁽¹⁾:</i>						
– Midro ⁽²⁾	610,169	0.036	370,710,419	1.982	1,791,226,469	4.856
– Tsun Fat	–	–	4,412,203,250	23.586	4,412,203,250	11.961
– Richsmart	–	–	–	–	4,180,712,350	11.333
– Other Participating Creditors	–	–	12,228,849,635	65.372	24,810,663,806	67.256
Public Shareholders	1,669,740,817	98.482	1,669,740,817	8.926	1,669,740,817	4.526
Total:	1,695,489,236	100.000	18,706,642,371	100.000	36,889,684,942	100.000

Notes:

(1) Excludes Commodity Online

(2) Cheung Kong Group, comprising Cheung Kong, Hutchison and Midro, in aggregate currently holds 40,410,338 Shares (approximately 2.38%) and will in aggregate hold approximately 410,510,588 New Shares, representing approximately 2.19% interest in the Company immediately upon completion of the Capital Reorganisation and Debt Restructuring

Upon completion of the Debt Restructuring, Tsun Fat will, become the single largest shareholder of the Company, holding 4,412,203,250 Shares, equivalent to approximately 23.6% 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 of any assets of the Company.

Save for Commodity Online 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

LETTER FROM THE BOARD

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

VI. REASONS FOR THE DEBT RESTRUCTURING

The terms of the Convertible Bond Subscription Agreements and the Share Subscription Agreements 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 reduced from approximately HK\$1,277 million as at 31 March 2003 to approximately HK\$937 million, a decline of approximately 26.6%. Based on the audited 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 Latest Practicable Date, the adjusted net tangible asset value of the Group will be increased from approximately HK\$398 million to approximately HK\$738 million and the gearing ratio of the Group (defined as the sum of interest-bearing bank debts, convertible notes/convertible bonds and other loans divided by net tangible asset) will be decreased from 265.0% as at 31 March 2003 to 105.2% upon completion of the Debt Restructuring. The Directors estimate that the annual interest savings as a result of the reduction in the overall liability level and the issue of Convertible Bonds (which carry no interest) will be approximately HK\$30-40 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.

Exchange of Share Certificates

Upon the Capital Reorganisation and Debt Restructuring becoming effective, Shareholders may submit existing certificates for the Shares in exchange for the new certificates for the New Shares free of charge to the office of the Company's share registrar, 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 16 July 2003 to 16 August 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. The existing share certificates will continue to be valid for trading and settlement as well as evidence of good title upon the Capital Reorganisation becoming effective.

Adjustment of Conversion/Subscription Price of the 2% Bonds, Zero Bonds, Preference Shares and Share Options

Upon the Capital Reorganisation and Debt Restructuring becoming effective, the conversion price of the 2% Bonds, Zero Bonds and Preference Shares, and the subscription price and/or the number of outstanding Share Options granted under the employee option scheme adopted on 8 November 1996 and amended on 31 December 2001 will be adjusted if appropriate, in accordance with the relevant terms and conditions. Further announcement in this regard will be made as soon as practicable.

LETTER FROM THE BOARD

VII. GENERAL MANDATE TO ISSUE NEW SHARES

At the SGM, an ordinary resolution will be proposed to grant a general mandate 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 Capital Reorganisation and Debt Restructuring 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 New Shares 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 laws or the bye-laws to be held or until revoked or varied by an ordinary resolution of the Shareholders, whichever occurs first.

VIII. SGM

Set out on pages 25 to 28 of this circular is a notice convening the SGM to be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong on 14 July 2003 at 8:30 a.m. (or so soon thereafter the annual general meeting of the Company to be held on the same date) at which relevant resolutions will be proposed to approve the Capital Reorganisation, Debt Restructuring and the granting of general mandate to issue New Shares.

Save for Midro, which is also a Participating Creditor, and Cheung Kong (including its associated company, Hutchison) which is the ultimate holding company of Midro, no other Participating Creditors are Shareholders and are thus required to abstain from voting at the SGM.

IX. FINANCIAL INFORMATION

The audited final results of the Group for the year ended 30 April 2002 were announced on 17 June 2003. The 2002 annual report is despatched to the Shareholders together with this circular. For the details of the financial information, please refer to the 2002 annual report.

X. ACTION TO BE TAKEN

A proxy form for use at the SGM is enclosed herein. Whether or not you are able to attend the SGM in person, you are requested to complete and return the proxy form to 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 appointed for holding the SGM. Completion and return of a proxy form will not preclude shareholders from attending and voting at the SGM if they so wish.

XI. RECOMMENDATION

The Board is of the opinion that the proposed resolutions for the Capital Reorganisation, the Debt Restructuring and the granting of general mandate to issue New Shares are in the interest of the Company and its Shareholders. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions set in the notice of the SGM.

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

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:

Announcement date	Description of the announcement	Total amount of bonds issue	Issue price	Total proceeds (HK\$)	Less: Expenses (HK\$)	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 HK\$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

APPENDIX A
USE OF FUNDS RAISED SINCE MARCH 2002

Announcement date	Description of the announcement	Total amount of bonds issue	Issue price	Total proceeds (HK\$)	Less: Expenses (HK\$)	Net proceeds (HK\$)	Actual use of net proceeds	Use of proceeds as stated in the relevant announcements
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\$29,868,121.65, 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 (<i>Note 1</i>)	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

Notes:

- (1) The reasons for the deviation of the use of proceeds (i.e. the proposed investment in the jewellery centre in the PRC) were (i) the Directors considered the proposed investment in jewellery centre 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.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with 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 and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests of the Directors of the Company or their associates in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of the Company are deemed or taken to have under such provisions of the SFO) or which are required to be and are recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies contained in the Listing Rules, were as follows:

(i) The Company:

Names of Directors	Number of ordinary shares of HK\$1.00 each and nature of interests		
	Personal interests	Corporate interests	Total interests
Raymond Chan	12,518,250 <i>(Note 1)</i>	101,750 <i>(Note 3)</i>	12,620,000
Alexander Chan	12,518,250 <i>(Note 2)</i>	101,750 <i>(Note 3)</i>	12,620,000
Mr. Tsui Muk Ming, Danny	100,004	–	100,004
Mr. Lim Siang Kai	500,000	–	500,000

(ii) **Subsidiary (Trasy):**

Names of Directors	Number of ordinary shares of HK\$0.01 each and nature of interests		
	Personal interests	Corporate interests	Total interests
Raymond Chan	56,217,187 <i>(Note 1)</i>	101,750 <i>(Note 3)</i>	56,318,937
Alexander Chan	50,705,377 <i>(Note 2)</i>	101,750 <i>(Note 3)</i>	56,807,127
Mr. Tsui Muk Ming, Danny	100,004	–	100,004
Mr. Sit Chun Sze	27,991,354	–	27,991,354
Mr. Lim Siang Kai	24,650,000	–	24,650,000

Notes:

1. 191,250 shares of the Company and 191,250 shares of Trasy are held by Regent which is beneficially owned by Raymond Chan.
2. 191,250 shares of the Company and 191,250 shares of Trasy are held by Admiralty which is beneficially owned by Alexander Chan.
3. 101,750 shares of the Company and 101,750 shares of Trasy are held by Falcon which is beneficially owned by Raymond Chan and Alexander Chan and their family members. Raymond Chan and Alexander Chan are deemed to be interested in these shares in accordance with the SFO as Falcon is accustomed to act in accordance with their directions or instructions.

- (b) Under the share option scheme adopted by the Company on 8 November 1996 and amended on 31 December 2001, the Board may, at their discretion, grant options to employees of the Group, including the Company's executive Directors, to subscribe for shares in the capital of the Company. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued capital of the Company. The option holders are entitled to subscribe for ordinary shares of HK\$1.00 each in the capital of the Company at any time from the date of acceptance to any date prior to the tenth anniversary of such date.

As at the Latest Practicable Date, the following Directors held share options to subscribe for Shares of the Company:

Share options granted on 16 January 1997 at an adjusted exercise price of HK\$8.8 per share option are exercisable from 16 January 1997 to 15 January 2007.

	Granted	Exercised	Outstanding as at the Latest Practicable Date
Raymond Chan	13,366,000	–	1,336,000
Alexander Chan	13,366,000	–	1,336,000
Mr. Tsui Muk Ming, Danny	2,900,000	1,000,000	190,000

Share options granted on 22 June 2000 at an adjusted exercise price of HK\$1.218 per share option are exercisable from 22 June 2000 to 21 June 2010.

	Granted	Exercised	Outstanding as at the Latest Practicable Date
Mr. Tsui Muk Ming, Danny	10,000,000	–	1,000,000
Mr. Sit Chun Sze	10,000,000	–	1,000,000

Under the pre-IPO share option adopted by Trasy on 6 November 2000, pre-IPO share options were granted to certain Directors which entitle them to subscribe for shares of Trasy which are exercisable in stages in accordance with the terms of the pre-IPO share option plan commencing on 7 June 2001.

As at the Latest Practicable Date, the following Directors held the pre-IPO share options as follows:

	Granted	Exercised	Outstanding as at the Latest Practicable Date
Raymond Chan	7,364,000	–	7,364,000
Alexander Chan	7,364,000	–	7,364,000
Mr. Tsui Muk Ming, Danny	1,698,000	–	1,698,000
Mr. Sit Chun Sze	44,152,000	–	44,152,000

- (c) Other than those disclosed in (a) and (b) above, as at the Latest Practicable Date, none of the Directors or their associates has any interest in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (i) would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which a Director is taken or deemed to have under such provisions of the SFO); or (ii) would be required to be entered into the register kept by the Company under Section 352 of the SFO; or (iii) would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of Listed Companies.
- (d) As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements which were subsisting at the Latest Practicable Date and were significant in relation to the business of the Group.
- (e) As at the Latest Practicable Date, Asian Capital had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

SUBSTANTIAL SHAREHOLDERS (AS DEFINED IN THE LISTING RULES)

As at the Latest Practicable Date, other than the Directors or chief executive of the Company whose interests are disclosed in the section headed “Disclosure of Interests” above, none of the Company, the Directors or the chief executive of the Company is aware of any person who had an interest of 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SERVICE CONTRACTS

None of the Directors has a service contract with the Company not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

QUALIFICATIONS AND CONSENTS

The following is the qualification of the expert who has given opinions or advices which are contained in this circular:

Name	Qualification
Asian Capital	A deemed licensed corporation registered under the SFO

Asian Capital has (i) no shareholding in any member of the Group nor any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name, in the form and context in which it respectively appears; and (iii) do not have any direct or indirect interest in any assets which have been since 30 April 2002, the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.

LITIGATION

Neither the Company nor any of its subsidiaries are engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against the Company or any of its subsidiaries.

MATERIAL CHANGE

The Directors are not aware of any material adverse change in the financial or trading positions of the Company since 30 April 2002 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

MISCELLANEOUS

- (a) The English text of this circular shall prevail over the Chinese text;
- (b) The secretary of the Company is Mr. Tse Kam Fai, ACIS, ACS, MHKSI;
- (c) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; the head office and principal place of business of the Company in Hong Kong is at 16th Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong; and
- (d) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at Louis K.Y. Pau & Company, Solicitors, 24th Floor, Euro Trade Centre, Nos. 13-14 Connaught Road Central, Hong Kong during the normal office hours until the date of the SGM, which is 14 July 2003:

- (a) the memorandum of association of the Company and the Bye-laws;
- (b) the Convertible Bond Subscription Agreements;
- (c) the Share Subscription Agreements;
- (d) the waiver letters by Tsun Fat and Richsmart dated 10 April 2003 for the 90% acceptance level of total indebtedness owed to the Participating Creditors; and
- (e) the written consent referred to in the section headed “Qualifications and Consents” above.

NOTICE OF SPECIAL GENERAL MEETING



RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a Special General Meeting of the Company will be held at 1st Floor, Cheung Fat Building, 7-9 Hill Road, Western District, Hong Kong Hong Kong on 14 July 2003 at 8:30 a.m. (or so soon thereafter the annual general meeting of the Company to be held on the same date) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution numbered 1 as a special resolution and resolutions numbered 2, 3, 4 and 5 as ordinary resolutions as indicated:

SPECIAL RESOLUTION

1. **“THAT,**
 - (a) the issued share capital of the Company be reduced from HK\$1,695,489,236 to HK\$1,695,489 by cancelling the paid up capital to the extent of HK\$0.999 on each of the 1,695,489,236 ordinary issued shares of HK\$1.00 each so that each of such issued shares shall be treated as one fully-paid share of HK\$0.001 each (the “Capital Reduction”);
 - (b) the credit of HK\$1,693,793,747 arising from the Capital Reduction shall be applied to eliminate the accumulated losses of the Company on a dollar for dollar basis and the remaining balance be transferred to the contributed surplus account of the Company whereby it may be utilised by the directors of the Company in accordance with the bye-laws of the Company and all applicable laws; and
 - (c) the directors of the Company be authorised to do all things appropriate to effect and implement any of the foregoing.”

ORDINARY RESOLUTIONS

2. **“THAT,** subject to the passing of resolution numbered 1 as set out in the notice convening this meeting becoming effective, every unissued ordinary share of HK\$1.00 each in the capital of the Company will be subdivided into 1,000 unissued shares of HK\$0.001 each (the “Share Subdivision”).”

NOTICE OF SPECIAL GENERAL MEETING

3. **“THAT,**

subject to the passing of resolutions numbered 1 and 2 as set out in the notice convening this meeting becoming effective:

- (a) the execution of the 20 Convertible Bond Subscription Agreements dated during the period between 3 March 2003 and the Latest Practicable Date (i.e. 18 June 2003 entered into between the Company and Group A Creditors in relation to the subscription of the Convertible Bonds by Group A Creditors to the extent of not exceeding HK\$424 million (including one Group A Creditor who has confirmed to subscribe for Convertible Bonds and will sign the Convertible Bond Subscription Agreement prior to the date of SGM), copies of which have been produced to this meeting all marked “A” and initialled by the Chairman of this meeting for the purpose of identification and the transactions contemplated under the Convertible Bond Subscription Agreements and the performance by the Company thereof be and are hereby confirmed, ratified and approved;
- (b) any one or more of the directors of the Company be and are hereby authorised to sign or execute such other documents or supplemental agreements/deeds on behalf of the Company and to do all such things and take all such action as he or they may consider necessary or desirable for the purpose of giving effect to the Convertible Bond Subscription Agreements and completing the transactions contemplated by the Convertible Bond Subscription Agreements with such changes as any such director(s) may consider necessary, desirable or expedient; and
- (c) the directors of the Company be and are hereby authorised to allot and issue New Shares of HK\$0.001 each upon exercise of the conversion rights attaching to the Convertible Bonds.”

4. **“THAT,**

subject to the passing of resolutions numbered 1, 2 and 3 as set out in the notice convening this meeting becoming effective:

- (a) the execution of 59 Share Subscription Agreements dated during the period between 3 March 2003 and the Latest Practicable Date (i.e. 18 June 2003) entered into between the Company and Group B Creditors in relation to the subscription of not more than 17,011,153,135 New Shares of HK\$0.001 each (including one Group B Creditor who has confirmed to subscribe for New Shares and will sign the Share Subscription Agreement prior to the date of SGM), copies of which have been produced to this meeting all marked “B” and initialled by the Chairman of this meeting for the purpose of identification and the transactions contemplated under the Share Subscription Agreements and the performance by the Company thereof be and are hereby confirmed, ratified and approved;

NOTICE OF SPECIAL GENERAL MEETING

- (b) the directors of the Company be and are hereby authorised to allot and issue up to 17,011,153,135 New Shares of HK\$0.001 each to Group B Creditors upon completion of the Debt Restructuring pursuant to the terms of the Share Subscription Agreements; and
 - (c) the directors of the Company be and are hereby authorised generally to do all things appropriate to effect and implement any of the foregoing.”
5. **“THAT,**
- (a) subject to (b) below, the directors of the Company be and are hereby generally and unconditionally authorised to exercise during the Relevant Period (as defined below) all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements, and options (including warrants, bonds and debentures, preference shares, notes and any securities which carry rights to subscribe for or are convertible into ordinary shares of the Company) which would or might require the exercise of such powers during or after the end of the Relevant Period;
 - (b) the aggregate nominal amount of the shares allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, other than pursuant to (i) a Rights Issue (as defined below); or (ii) an issue of ordinary shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into ordinary shares of the Company; or (iii) an issue of ordinary shares of the Company by way of scrip dividend pursuant to the bye-laws of the Company from time to time; or (iv) the exercise of any option granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or its subsidiaries, of options to subscribe for, or rights to acquire, shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Capital Reduction (as defined in resolution numbered 1 as set out in the notice convening this notice), Share Subdivision (as defined in resolution numbered 2 as set out in the notice convening this meeting), the Convertible Bond Subscription Agreements and Share Subscription Agreements (as defined in resolutions numbered 3 and 4 as set out in the notice convening this meeting);

NOTICE OF SPECIAL GENERAL MEETING

- (c) for the purpose of this resolution, “Relevant Period” from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in general meeting; or
 - (iii) the expiration of the period within which the next general meeting of the Company is required by bye-laws of the Company, or any applicable laws, to be held; and

“Rights Issue” means an offer of shares of the Company for subscription open for a period fixed by the Company to holders of shares 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 exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company.”

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

Hong Kong, 21 June 2003

*Head Office and principal place of
business in Hong Kong:*

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

Notes:

1. Any 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, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with 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 appointed for holding the meeting.