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RNA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 501)

**Debt Restructuring of
RNA Holdings Limited
involving, inter alia, Schemes under
Section 99 of the Companies Act and Section 166 of the Companies Ordinance,
Funder's Share Allocation,
Funder's Share Option, Cost Share Allocation, Directors Share Allocation
and Capital Raising,
Adjournment of the Hong Kong Court Hearing,
and
Proposed Amendments to Bye-laws**

Financial Adviser to RNA Holdings Limited



ASIAN CAPITAL

(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

(I) SIGNING OF THE RESTRUCTURING AGREEMENT

The Board announces that the Restructuring Agreement in relation to the Proposed Transactions, including the Debt Restructuring and the Capital Raising, was signed on 11 June 2004. The Proposed Transactions, if successfully implemented, will, amongst other things, result in:

- a) HK\$0.05 of each HK\$1.00 of the claims of the Creditors being discharged and waived pursuant to the Schemes upon the allotment of the Creditor Share Allocation;
- b) the remaining HK\$0.95 of each HK\$1.00 of the claims of the Creditors being discharged and waived pursuant to the Schemes upon the resumption of trading in the Shares/New Shares;
- c) the subscription of New Shares by the Funder and granting of the Funder's Share Option to the Funder;
- d) the issue of New Shares to the Reporting Accountant upon the allotment of the Cost Share Allocation;
- e) the issue of New Shares to the Directors upon the allotment of the Directors Share Allocation;

- f) Capital Raising of not less than HK\$10 million by the Company; and
- g) the resumption of trading in the Shares and New Shares of the Company upon completion of the Capital Raising.

An independent board committee of directors will be formed to advise the Independent Shareholders in respect of the Proposed Transactions contemplated under the Restructuring Agreement and an independent financial adviser will be appointed to advise the independent board committee in this regard. A circular containing, amongst other things, details of the Proposed Transactions, the advice of the independent board committee, the advice of the independent financial adviser and a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the provisions of the Listing Rules.

(II) ADJOURNMENT OF THE HONG KONG COURT HEARING

Upon application of the Company, the hearing before the High Court of Hong Kong in relation to the Petition served by the Petitioning Creditor has been adjourned from 9 June 2004 to 26 July 2004. The court hearing was subsequently adjourned to 25 October 2004 so as to allow time for the Company to proceed with the Proposed Transactions. On 25 October 2004, the hearing was vacated to be further adjourned to the second Monday after the handing down of the result of the review hearing by the Listing Committee (see below).

(III) PROPOSED AMENDMENTS TO BYE-LAWS

The Board proposes to amend the bye-laws of the Company to ensure due compliance with the amended provisions of the Listing Rules which came into effect on 31 March 2004. The proposed amendments to the bye-laws of the Company are subject to the approval of the Shareholders by way of special resolution at the SGM. Details of the amendments will be set out in the circular of the Company to be despatched to the Shareholders.

On 4 August 2004, the Listing Division informed the Company that the Company has not demonstrated that it is able to fulfill the requirements of Rule 13.24 of the Listing Rules and as of 30 July 2004, the Company has been placed into the second stage of the delisting procedures as set out in Practice Note 17 of the Listing Rules. On 11 August 2004, the Company requested a review of the Listing Division's decision by the Listing Committee and the review hearing of the Listing Committee was held on 19 October 2004. Further details in this regard will be made as and when appropriate.

The release of this announcement does not indicate that the Proposed Transactions will be successfully implemented and completed as the conditions precedent to the Restructuring Agreement may not be fulfilled or otherwise waived.

Trading in the Shares of the Company has been suspended from 9:30 a.m. on 2 June 2003 and will not be uplifted and the listing of, and permission to deal in the New Shares to be issued pursuant to the Proposed Transactions will not be granted unless the Company has implemented an adequate internal control system to rectify the concerns raised by both its former auditors and the Stock Exchange.

The Company refers to the Previous Announcement in relation to, amongst other things, the signing of Heads of Terms amongst the Company, the Funder, the Reporting Accountant and the Directors.

(I) THE PROPOSED TRANSACTIONS

The Board is pleased to announce that the Restructuring Agreement in relation to the Proposed Transactions was signed on 11 June 2004 by the Company, the Funder, the Directors and the Reporting Accountant.

The Proposed Transactions will involve, among other things, the Debt Restructuring, the Subscription, the granting of Funder's Share Option, the allotment of Cost Share Allocation and the Directors Share Allocation, and the Capital Raising.

(A) Debt Restructuring

On the basis of the unaudited accounts of the Company as at 16 August 2004, the total indebtedness of the Company is estimated at approximately HK\$1,263.6 million, comprising approximately HK\$0.6 million of preferential employee claim, HK\$88.3 million of secured claim, and HK\$1,174.7 million of unsecured claim. This estimated indebtedness is provided for indicative purposes only and the Creditors' claims will be subject to formal adjudication by the Scheme Administrators once the Schemes have become effective.

Pursuant to the Schemes, the secured creditor may agree the value of its security interest with the Scheme Administrators and participate in the Schemes as a Creditor for the unsecured portion of its claim (which will be determined after deducting the agreed value of the security interest) or release its security interest and participate in the Schemes for its entire claim. In consideration of the Creditors discharging all their claims against the Company, the Creditors will receive 50 New Shares, credited as fully paid up at par of HK\$0.001 each, for every dollar of Admitted Claims (each Admitted Claim being expressed in an intergral multiple of HK\$1.00). It is estimated that approximately 58,393 million New Shares shall be issued and allotted to the Creditors, representing approximately 310.5% of the existing total issued ordinary share capital of the Company and approximately 67.9% of the enlarged issued ordinary share capital of the Company immediately upon the Scheme Closing. The issue price of the New Shares to the Creditors, will be HK\$0.02 for each New Share, representing (i) a discount of approximately 25.9% over the closing price per Share of HK\$0.027 as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 66.67% to the unaudited net tangible asset value per Share of the Company of approximately HK\$0.06 as at 30 April 2004. The issue price of the New Shares was determined after commercial negotiation among the Company, the Funder and the Reporting Accountant, including with reference to the same issue price of the Shares issued by the Company under the capital reorganisation and debt restructuring in June 2003.

Upon the allotment of New Shares to the Creditors, the claims of the Creditors will be discharged as to HK\$0.05 of each HK\$1.00 of their respective Admitted Claims and the balance of HK\$0.95 of each HK\$1.00 of Admitted Claims will be discharged upon the resumption of trading in the Shares/New Shares.

The Schemes will become effective and binding on all Creditors if, among other things, more than 50% in number and more than 75% in value of the indebtedness of all the Creditors who attend and vote in person or by proxy at the relevant Creditors' meeting or meetings, vote in favour of the Schemes.

(B) Funder's Share Allocation and Funder's Share Option

At Scheme Closing, the Funder will subscribe for, and the Company will issue and allot to the Funder, 5,500,000,000 New Shares, credited as fully paid up at par of HK\$0.001 each under the Funder's Share Allocation. The aggregate cash proceeds of HK\$5.5 million from the Subscription (of which, HK\$1.5 million was paid by the Funder on 30 March 2004 as deposit pursuant to the Heads of Terms), will be made available from the Funder's own resources and will be applied towards the costs and expenses of implementing the Proposed Transactions. The issue price of New Shares to the Funder will be HK\$0.001 for each New Share, representing a discount of approximately 96.3% over the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on the Last Trading Date.

At Scheme Closing, the Company will also grant to the Funder the Funder's Share Option. Under the Funder's Share Option, the Funder is granted a right to subscribe for approximately 15,407 million New Shares at HK\$0.0015 each which shall represent 22% of the enlarged issued ordinary share capital of the Company after completion of the Capital Raising of HK\$10 million and the exercise of the Funder's Share Option. The subscription price of the New Shares of HK\$0.0015 per New Share, which was determined after commercial negotiation between the Company, the Funder and the Reporting Accountant, represents (i) a discount of approximately 94.4% over the closing price per Share of HK\$0.027 as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 97.5% to the unaudited net tangible asset value per Share of the Company of approximately HK\$0.06 as at 30 April 2004.

Upon Scheme Closing but prior to Capital Raising and the exercise of the Funder's Share Option, the Funder will be interested in approximately 6.4% of the enlarged issued ordinary share capital of the Company.

The Funder has undertaken to the Company that it will not exercise the Funder's Share Option if and to the extent that such exercise would result in its shareholding becoming greater than 15% of the issued share capital of the Company immediately following such exercise.

(C) Cost Share Allocation

At Scheme Closing, the Company shall issue 2,500,000,000 New Shares at HK\$0.001 to the Reporting Accountant and the advisers assisting the Company with the Proposed Transactions to meet, in part the fees, costs and expenses incurred in preparing for and implementing the Proposed Transactions (including the fees and expenses of its legal and financial advisers). The number of New Shares represents approximately 2.9% of the enlarged issued ordinary share capital of the Company immediately upon Scheme Closing.

(D) IVA of Chan Fat Chu, Raymond and Chan Fat Leung, Alexander and Directors Share Allocation

It is proposed that the Directors will pursue individual voluntary arrangements pursuant to Section 20 of the Bankruptcy Ordinance (Cap.6 of the Laws of Hong Kong) under which Nominees will be appointed by the High Court of Hong Kong to restructure the Directors' financial affairs for the benefit of their creditors. The Nominees will receive New Shares on behalf of the Directors' creditors for their benefit and will distribute the New Shares to those creditors accordingly. In return for this, the Directors will not be made bankrupt and will be

able to remain as Directors for a period of two years for the resumption of trading in the Shares/New Shares. Detailed terms of the IVA are now being considered and Nominees will be appointed and any necessary announcement and disclosure in this regard will be made as soon as practicable.

The Company will issue to the Nominees approximately 861 million New Shares, credited as fully paid up at par of HK\$0.001 each, equivalent to 1% of the total issued share capital of the Company as at the date prior to the commencement of the Capital Raising upon (i) the approval of the IVA by the Directors' respective creditors; and (ii) the Directors agreeing to remain as directors of the Company for a period of two years from the resumption of trading in the Shares and New Shares on the Stock Exchange.

(E) Company's shareholdings in each subsidiary

The Company, the Funder and the Reporting Accountant plan to rationalise the group structure. Most of the subsidiaries of the Company that are insolvent and/or dormant will be transferred out of the Group at Scheme Closing, and will either be deregistered or wound up. To the best knowledge of the Directors, there will be no adverse legal or other consequences on the Company arising from the transfer of such insolvent companies out of the Group. Further details in this regard will be disclosed as and when this treatment is agreed.

(F) Capital Raising

Upon the Schemes becoming effective, the Company shall raise not less than HK\$10 million under or pursuant to the Capital Raising. The Capital Raising may include a rights issue, private placement and/or any other methods of raising capital the Company considers appropriate in the then market conditions. The proceeds from the Capital Raising will be applied towards the costs and expenses for the implementation of the Proposed Transactions and the balance of such proceeds will be retained as working capital of the Group for further development and enhancement of the Group's business. The specific terms of the Capital Raising will be determined on the basis of, inter alia, the market conditions when the Schemes become effective. Further announcements in this regard will be made as soon as practicable.

(II) CONDITIONS PRECEDENT TO THE RESTRUCTURING AGREEMENT

Completion of the Restructuring Agreement will be subject to, amongst others, the fulfilment of the following:

- (a) the Courts sanctioning the Schemes;
- (b) all necessary resolutions being passed by the Independent Shareholders approving:
 - (i) the Funder's Share Allocation;
 - (ii) the grant of Funder's Share Options by the Company;
 - (iii) the Cost Share Allocation;
 - (iv) the Directors Share Allocation;
 - (v) the Capital Raising, including rights issue, if any;

- (vi) all transactions contemplated under the Restructuring Agreement, namely the Proposed Transactions;
 - (vii) removal of all directors from the Board other than the Directors who shall remain as directors; and
 - (viii) appointment of new directors to the Company, to be agreed by the Reporting Accountant and the Company. The Funder shall have the right to appoint up to two directors to the Board;
- (c) Directors' resolutions approving:
- (i) the Schemes;
 - (ii) allotment of New Shares pursuant to the Schemes;
 - (iii) Funder's Share Allocation;
 - (iv) Funder's Share Option;
 - (v) Cost Share Allocation;
 - (vi) Directors Share Allocation;
 - (vii) the Capital Raising, including rights issue, if any;
- (d) execution of the Underwriting Agreement (details of which, once determined, will be announced as soon as practicable);
- (e) execution of the Funder's Share Options Agreement;
- (f) if required, consent of the Bermuda Monetary Authority to the issue of the New Shares and the free transferability of the New Shares;
- (g) approval of the IVA by the respective creditors of the Directors;
- (h) either: (i) conditional confirmation from the Stock Exchange that it approves the resumption of trading in the Shares and the commencement of trading in the New Shares; or (ii) confirmation from the Stock Exchange that it approves the Company's draft announcement in respect of, inter alia, the resumption of trading in the Shares and the commencement of trading in the New Shares;
- (i) the Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in, the New Shares in issue on Scheme Closing and to be issued pursuant to the Restructuring Agreement; and
- (j) withdrawal of the Petition conditional only on Scheme Closing.

As at the date of this announcement, the Directors hold 25,138,250 Shares, representing approximately 0.13% of the total issued share capital of the Company and shall abstain from voting at the SGM. The Funder Group holds 965,147,945 Shares, representing approximately 5.13% of the total issued share capital of the Company and shall also abstain from voting at the SGM. Save for the above mentioned, as at the date of this announcement all the Shareholders are entitled to vote at the SGM.

(III) SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure and the shareholding structure of the Company upon completion of the Proposed Transactions are set out as follows (assuming the Company will implement Capital Raising through rights issue and the amount raised by rights issue will be HK\$10 million at a price of HK\$0.0015 per New Share):

	Existing		Immediately upon full conversion of debts under the Schemes of the Company into Shares (Note 1)				Immediately upon Scheme Closing		Upon completion of Capital Raising		Upon exercise of the Funder's Share Options	
	No. of Shares		No. of New Shares		No. of New Shares		No. of New Shares		No. of New Shares		No. of New Shares	
	(million)	%	(million)	%	(million)	%	(million)	%	(million)	%	(million)	%
Directors	25.1	0.13	25.1	0.03	25.1	0.03	25.1	0.03	25.1	0.03	25.1	0.02
IVA creditors	—	—	—	—	860.6	1.00	860.6	0.93	860.6	0.93	860.6	0.85
China Credit Funder	965.1	5.13	1,303.1	1.69	1,303.1	1.51	1,303.1	1.41	1,303.1	1.41	1,303.1	1.29
Funder's Option	—	—	23.1	0.03	5,523.1	6.42	5,523.1	5.96	5,523.1	5.96	5,523.1	5.47
Funder Group	965.1	5.13	1,326.2	1.72	6,826.2	7.93	6,826.2	7.37	6,826.2	7.37	15,158.8	15.00
												(Note 2)
Capital Raising Participants	—	—	—	—	—	—	6,666.7	7.19	6,666.7	7.19	6,666.7	6.60
Creditors (Note 3) (a)	4,540.0	24.14	58,166.5	75.35	58,166.5	67.59	58,166.5	62.72	58,166.5	62.72	58,166.5	57.56
Restructuring professional (Note 4) (b)	—	—	—	—	2,500.0	2.90	2,500.0	2.70	2,500.0	2.70	2,500.0	2.47
Public Shareholders (Note 5) (c)	13,276.4	70.60	17,681.4	22.90	17,681.4	20.55	17,681.4	19.06	17,681.4	19.06	17,681.4	17.50
Subtotal — public float (a) + (b) + (c)	17,816.4	94.74	75,847.9	98.25	78,347.9	91.04	78,347.9	84.48	78,347.9	84.48	78,347.9	77.53
Total	18,806.6	100.00	77,199.2	100.00	86,059.8	100.00	92,726.5	100.00	92,726.5	100.00	101,059.1	100.00

Notes:

- (1) The debt of approximately HK\$7.0 million due to LOCO HK (as at 16 August 2004) and the preferential employee claim in the amount of approximately HK\$0.6 million will not be compromised under the Schemes.
- (2) As disclosed in this announcement, the Funder has undertaken to the Company that it will not exercise the Funder's Share Option if and to the extent that such exercise would result in its shareholding becoming greater than 15% of the issued share capital of the Company immediately following such exercise.
- (3) The shareholding of Creditors in this shareholding table excludes the shareholding of the Funder Group.
- (4) The New Shares to be equally allocated to the restructuring professional, including the Reporting Accountant and its advisers and the advisers appointed by the Company, under the Cost Share Allocation.
- (5) All existing Shareholders of the Company, excluding the Directors and the Funder Group.

Upon Scheme Closing, no Bondholders will be interested in more than 10% of the then issued share capital of the Company and there will be no new substantial shareholders to the Company (as defined in the Listing Rules).

(IV) INFORMATION ON THE FUNDER

The Funder is a company incorporated in the BVI and is a subsidiary of China Credit, a company whose securities are listed on the Main Board of the Stock Exchange. The Funder Group currently holds 965,147,945 Shares which represents an approximate 5.13% interest in the Company. The Funder Group, including the Funder, is independent third party not connected with the directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates within the meanings of the Listing Rules.

The Directors agree and undertake, jointly and severally, to irrevocably and unconditionally guarantee the obligations of the Funder under or pursuant to the Restructuring Agreement (including the Funder's obligations under the Underwriting Agreement) and indemnify the Funder against any loss, liability or cost incurred by the Funder under the Proposed Transactions until the proceeds of the Capital Raising have been duly applied pursuant to the terms of the Restructuring Agreement.

(V) REASONS FOR THE PROPOSED TRANSACTIONS AND FUTURE PROSPECTS OF THE COMPANY

Trading in the Shares of the Company has been suspended since 2 June 2003. As at 16 August 2004, the total indebtedness of the Company is approximately HK\$1,263.6 million. The Petitioning Creditor has filed a winding up petition in respect of approximately HK\$5 million which its claims to be owed by the Company. On 30 March 2004, the Reporting Accountant was appointed to assist the Company in preparing a suitable and viable proposal for the restructuring of its indebtedness and the Group's operation and in implementing the restructuring proposal as efficiently and expeditiously as possible. In addition, the Reporting Accountant will investigate and implement internal and accounting control measures required to strengthen the Company's existing accounting and internal control systems and to ensure that the remedial measures adopted by the Company will enable the Company to meet various financial reporting requirements and other obligations.

Having reviewed and assessed the operations and affairs of the Company and its subsidiaries as well as the magnitude of the claims against the Company, the Company wishes to compromise such claims to enable the Company to return to solvency and enhance its business operations for the benefit of Creditors and Shareholders. If the Proposed Transactions are successfully implemented, substantially all of the Company's debts will be discharged and waived pursuant to the Schemes with the exception of the amount of around HK\$7.0 million due to LOCO HK and the preferential employee claim in the amount of approximately HK\$0.6 million as at 16 August 2004. Such advance from LOCO HK has been made to fund the Group's business expenses. The Company and the Funder have agreed in commercial negotiations that this advance will not be compromised under the Schemes.

The Directors and the Reporting Accountant consider that the Restructuring Agreement, if successfully implemented, will provide the Creditors and Shareholders with a better return than they would receive in a winding-up of the Company .

In the event that the Company is unable to restructure its debts with the Creditors and is eventually wound up, there is unlikely to be any meaningful return to the Creditors and the Shareholders from the Company's winding-up.

(VI) BUSINESS OF THE COMPANY POST DEBT RESTRUCTURING

Following the completion of the Proposed Transactions, the Company will primarily be engaged in the provision of consultancy and other services to LOCO HK in respect of the wholesaling and trading of gold bullion and precious metals pursuant to the consultancy agreement and the supply agreement, details of which are set out in the Company's announcement dated 2 December 2003. The Directors believe that the Group's business would benefit from LOCO HK, which has a strong shareholder profile and financial backing.

The Directors believe that at present the Group satisfies the requirements of Rule 13.24 of the Listing Rules and it is anticipated that upon completion of the restructuring, the Group will, through further development of customers and products, continue to expand the trading of gold bullion and precious metals. This shall enable the Company to continue to have a sufficient level of operations to warrant the continued listing on the Stock Exchange as required under Rule 13.24 of the Listing Rules.

On 4 August 2004, the Listing Division informed the Company that the Company has not demonstrated that it is able to fulfill the requirements of Rule 13.24 of the Listing Rules and as of 30 July 2004, the Company has been placed into the second stage of the delisting procedures as set out in Practice Note 17 of the Listing Rules. On 11 August 2004, the Company requested a review of the Listing Division's decision by the Listing Committee and the review hearing of the Listing Committee was held on 19 October 2004. Further details in this regard will be made as and when appropriate.

(VII) NEW BOARD OF DIRECTORS

Upon the Scheme Closing, all directors of the Company will be removed from the Board other than the Directors who shall remain as the directors of the Company and new directors with the appropriate skills and experience (to be agreed by the Reporting Accountant and the Company) will be appointed to the Company. The Funder shall have the right to appoint up to two directors to the Board. The Company and the Reporting Accountant are currently considering the suitable candidates with appropriate qualifications and expertise to be appointed to the Board. Details and particulars of the new Board will be announced as soon as practicable.

(VIII) MAINTAINING THE LISTING STATUS OF COMPANY

It is the intention of the Company and the Funder to maintain the listing status of the Company on the Stock Exchange upon completion of the Proposed Transactions. The Funder has undertaken to the Company that it will not exercise the Funder's Share Option if and to the extent that such exercise would result in its holding becoming greater than 15% of the issued share capital of the Company immediately following such exercise.

The Stock Exchange has stated that if less than 25% of the issued Shares and/or New Shares are in public hands following the completion of the Proposed Transactions or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading of the Shares and/or New Shares; or**
- **there are insufficient Shares and New Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend trading in the Shares and New Shares until a sufficient level of public float is attained to comply with Rule 8.08 and Rule 13.32 of the Listing Rules.

(IX) WINDING UP PETITION AGAINST THE COMPANY

As disclosed in the Previous Announcement, a winding up petition dated 27 March 2004 and amended on 19 April 2004 was served on the Company by the Petitioning Creditor. At the first hearing of the Petition on 9 June 2004, the Hong Kong court was informed of the Proposed Transactions and made an order that the hearing of the Petition be adjourned to 26 July 2004. The court hearing was subsequently further adjourned to 25 October 2004 so as to allow time for the Company to proceed with the Proposed Transactions. On 25 October 2004, the hearing was vacated to be further adjourned to the second Monday after the handing down of the result of the review hearing by the Listing Committee (see section "Other Information" below for details).

(X) PROPOSED AMENDMENTS TO BYE-LAWS

The Stock Exchange has announced amendments to the Listing Rules that came into effect on 31 March 2004. Such amendments to the Listing Rules require a listed issuer's constitutional documents to conform with certain provisions of the Listing Rules. The Directors propose to amend the bye-laws of the Company to ensure compliance with the amended provisions of the Listing Rules. The proposed amendments to the bye-laws of the Company are subject to the approval of the Shareholders by special resolution at the SGM. Details of the amendments will be set out in the circular to be despatched to the Shareholders.

(XI) OTHER INFORMATION

The Company will submit an application to the Stock Exchange for the listing of, and permission to deal in, the New Shares to be issued pursuant to the Proposed Transactions.

Asian Capital (Corporate Finance) Limited has been appointed as the financial adviser to the Company. An independent board committee of directors will be formed to advise the Independent Shareholders in respect of the Proposed Transactions contemplated under the Restructuring Agreement and an independent financial adviser will be appointed to advise the independent board committee in this

regard. A circular containing, amongst other things, details of the Proposed Transactions, the advice of independent board committee, the advice of the independent financial adviser and a notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the provisions under the Listing Rules.

The release of this announcement does not indicate that the Proposed Transactions will be successfully implemented and completed as the conditions precedent to the Restructuring Agreement may not be fulfilled or otherwise waived. Trading in the Shares has been suspended since 2 June 2003 and will not be uplifted and the listing of, and permission to deal in the New Shares to be issued pursuant to the Proposed Transactions will not be granted unless the Company has implemented an adequate internal control system to rectify the concerns raised by both its former auditors and the Stock Exchange.

On 4 August 2004, the Listing Division informed the Company that the Company has not demonstrated that it is able to fulfill the requirements of Rule 13.24 of the Listing Rules and as of 30 July 2004, the Company has been placed into the second stage of the delisting procedures as set out in Practice Note 17 of the Listing Rules. On 11 August 2004, the Company requested a review of the Listing Division's decision by the Listing Committee and the review hearing of the Listing Committee was held on 19 October 2004. Further details in this regard will be made as and when appropriate.

(XII) DIRECTORS OF THE COMPANY

As at the date of this announcement, the Board comprises of two executive directors, namely Chan Fat Chu, Raymond and Chan Fat Leung, Alexander, a non-executive director, namely Mr. Gerard Joseph McMahon and two independent non-executive directors, namely Tang Man Ching and Lim Siang Kai.

DEFINITIONS

“Admitted Claims”	the claims of Creditors which shall have been admitted in accordance with the Schemes on or before the adjudication date;
“Board”	the board of directors of the Company;
“Bondholders”	holders of the zero coupon convertible bond due 2006 in the principal amount of approximately HK\$421.3 million entitling the holders to convert into New Shares of HK\$0.001 at HK\$0.02 each;
“BVI”	British Virgin Islands;
“Capital Raising”	the rights issue, a private placement and/or any other method(s) used by the Company to raise capital;
“China Credit”	China Credit Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“Companies Act”	the Companies Act 1981 of Bermuda;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);

“Company”	RNA Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Stock Exchange;
“Cost Share Allocation”	2,500,000,000 New Shares, credited as fully paid up at par, to be issued and allotted to the Reporting Accountant and the advisers assisting the Company with the Proposed Transactions;
“Courts”	the Supreme Court of the Bermuda and the Court of First Instance of the High Court of Hong Kong;
“Creditors”	any person (other than a person with a preferential claim, to the extent of its preferential claim amount, a person with a secured claim to the extent of its secured claim amount, and LOCO HK) with the benefit of a claim against the Company that arose on or before the Scheme Closing;
“Creditor Share Allocation”	approximately 58,393 million New Shares, credited as fully paid up at par, to be issued to the Creditors, which shall equal to the product of the total number of Admitted Claims (each Admitted Claim being expressed in an integral multiple of HK\$1.00) multiplied by 50;
“Debt Restructuring”	the proposed restructuring of the indebtedness and liabilities of the Company pursuant to the Proposed Transactions;
“Directors”	Chan Fat Chu, Raymond and Chan Fat Leung, Alexander;
“Directors Share Allocation”	approximately 861 million New Shares, credited as fully paid up at par, to be issued to the Nominees, which shall equal 1% of the total issued share capital of the Company as at the day prior to the commencement of the Capital Raising;
“Funder”	Clear Prospect Ltd., a company incorporated in the BVI and a wholly-owned subsidiary of China Credit, a company whose securities are listed on the Main Board of the Stock Exchange;
“Funder Group”	China Credit and its subsidiaries, including the Funder;
“Funder’s Share Allocation”	5,500,000,000 New Shares, credited as fully paid up at par of HK\$0.001 each, to be issued and allotted to the Funder;
“Funder’s Share Option”	an option to be granted by the Company to the Funder, entitling the Funder to subscribe for such number of New Shares at HK\$0.0015 each, within three years commencing from the anniversary of three months from the resumption of trading in the Shares/New Shares, as shall represent 22 per cent. of the enlarged issued share capital of the Company after completion of the Capital Raising (Capital Raising for this purpose will be limited to the maximum amount of HK\$10 million) and exercise of such option;

“Funder’s Share Option Agreement”	the agreement documenting the terms and conditions of the Funder’s Share Option;
“Group”	the Company and its subsidiaries;
“Heads of Terms”	heads of terms dated 30 March 2004 entered into by the Company, the Funder, the Reporting Accountant and the Directors;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholders”	Shareholders who are not involved or have no interest in the Proposed Transactions, being all Shareholders, save for Chan Fat Chu, Raymond and Chan Fat Leung, Alexander, who are Directors, and the Funder Group;
“IVA”	individual voluntary arrangement pursuant to Section 20 of the Bankruptcy Ordinance (Cap.6 of the Laws of Hong Kong)
“Last Trading Date”	30 May 2003, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange on 2 June 2003;
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange;
“Listing Division”	the Listing Division of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LOCO HK”	LOCO HONGKONG LIMITED, a company incorporated in Hong Kong with limited liability on 15 August 2003; it is ultimately wholly and beneficially owned by Mr. Li Ka-shing, the chairman of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited;
“New Share(s)”	ordinary shares of HK\$0.001 each to be issued and allotted upon implementation of the Proposed Transactions;
“Nominees”	such persons who are appointed nominee to each of the Directors’ IVA;
“Petition”	winding up petition filed by the Petitioning Creditor dated 27 March 2004 and amended on 19 April 2004 in respect of amounts which it claims to be owed by the Company; the court hearing for the winding up petition was held on 9 June 2004 and the Hong Kong court has granted an adjournment of the petition to 26 July 2004. The court hearing was subsequently further adjourned to 25 October 2004 so as to

allow time for the Company to proceed with the Proposed Transactions. On 25 October 2004, the hearing was vacated to be further adjourned to the second Monday after the handing down of the result of the review hearing by the Listing Committee;

“Petitioning Creditor”	Ms. Wang Qiong;
“Post Effective Date Shareholders”	any person registered as a holder of Shares in the register of members of the Company immediately after the adjudication date;
“Previous Announcement”	announcement of the Company dated 28 April 2004;
“Proposed Transactions”	transactions contemplated under or pursuant to the Restructuring Agreement, involving Debt Restructuring, Subscription, Funder’s Share Option, Cost Share Allocation, Directors Share Allocation, and Capital Raising;
“Reporting Accountant”	RSM Nelson Wheeler Corporate Advisory Services Limited;
“Restructuring Agreement”	the conditional agreement dated 11 June 2004 entered into among the Company, the Funder, the Directors and the Reporting Accountant;
“Schemes”	the proposed schemes of arrangement under section 99 of the Companies Act and section 166 of the Companies Ordinance between the Company and the Creditors to be approved or imposed by the Courts, with or without any modification;
“Scheme Administrators”	Cosimo Borrelli and Fan Wai Kuen of RSM Nelson Wheeler Corporate Advisory Services Limited;
“Scheme Closing”	the closing of the Proposed Transactions contemplated under the Restructuring Agreement but except Capital Raising;
“SGM”	the special general meeting of the Company to be held for the purpose of passing the relevant proposed resolutions for the implementation of the transactions contemplated under the Restructuring Agreement;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the existing issued share capital of the Company;
“Shareholders”	holders of the Shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the proposed subscription of 5,500,000,000 New Shares of the Company by the Funder;

“Underwriting Agreement”

an agreement to be entered into between the Funder and the Company whereby the Funder will underwrite the rights issue to the extent of at least HK\$10 million; and

“HK\$” and “cents”

Hong Kong dollars and cents, the lawful currency of Hong Kong.

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

Hong Kong, 3 November 2004

Please also refer to the published version of this announcement in the China Daily.