

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31st October 2001, the interests of the Directors of the Company or their associates in the equity or debt securities of the Company or its associated corporation (within the meaning of the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”)) which have been notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under section 31 or Part 1 of the Schedule to the SDI Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required, pursuant to section 29 of the SDI Ordinance, to be recorded in the register referred to therein were as follows:

(a) The Company:

Name of Directors	Number of ordinary shares of HK\$0.10 each and nature of interests		
	Personal Interests	Corporate Interests	Total Interests
Mr. Chan Fat Chu, Raymond	40,182,500 (Note 1)	1,017,500 (Note 3)	41,200,000
Mr. Chan Fat Leung, Alexander	40,182,500 (Note 2)	1,017,500 (Note 3)	41,200,000
Mr. Lo Chi Kin, Andie	1,000,800	–	1,000,800
Mr. Tsui Muk Ming, Danny	1,000,040	–	1,000,040

(b) Associated Corporation:
Trasy

Name of Directors	Number of ordinary shares of HK\$0.01 each and nature of interests		
	Personal Interests	Corporate Interests	Total Interests
Mr. Chan Fat Chu, Raymond	56,217,187 (Note 1)	101,750 (Note 3)	56,318,937
Mr. Chan Fat Leung, Alexander	50,705,377 (Note 2)	101,750 (Note 3)	50,807,127
Mr. Lo Chi Kin, Andie	100,080	–	100,080
Mr. Tsui Muk Ming, Danny	100,004	–	100,004
Mr. Sit Chun Sze	27,991,354	–	27,991,354

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES (Continued)*Notes:*

1. 1,912,500 shares of the Company and 191,250 shares of Trasy are held by Regent Investment Company Limited, a company incorporated in the British Virgin Islands ("BVI") and beneficially owned by Mr. Chan Fat Chu, Raymond.
2. 1,912,500 shares of the Company and 191,250 shares of Trasy are held by Admiralty Investment Company Limited, a company incorporated in the BVI and beneficially owned by Mr. Chan Fat Leung, Alexander.
3. 1,017,500 shares of the Company and 101,750 shares of Trasy are held by Falcon Investment Company Limited ("Falcon"), a company incorporated in the BVI and beneficially owned by Messrs. Chan Fat Chu, Raymond and Chan Fat Leung, Alexander and their family members. Messrs. Chan Fat Chu, Raymond and Chan Fat Leung, Alexander are deemed to be interested in these shares in accordance with the SDI Ordinance as Falcon is accustomed to act in accordance with their directions or instructions.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the share option scheme adopted by the Company on 8th November 1996 and amended on 31st 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\$0.10 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.

Details of movements in the share options granted under the scheme to certain Directors of the Company are as follows:

	Options outstanding as at 1st May 2001	Options granted during the period	Options exercised during the period	Options outstanding as at 31st October 2001
1. Share options granted on 16th January 1997 at an exercise price of HK\$0.88 and exercisable from 16th January 1997 to 15th January 2007				
– Mr. Chan Fat Chu, Raymond	13,366,000	–	–	13,366,000
– Mr. Chan Fat Leung, Alexander	13,366,000	–	–	13,366,000
– Mr. Lo Chi Kin, Andie	2,500,000	–	–	2,500,000
– Mr. Tsui Muk Ming, Danny	1,900,000	–	–	1,900,000

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (Continued)

2. Share options granted

on 22nd June 2000 at an
exercise price of HK\$0.1218 and
exercisable from 22nd June 2000
to 21st June 2010

– Mr. Chan Fat Chu, Raymond	17,270,000	–	17,270,000	–
– Mr. Chan Fat Leung, Alexander	17,270,000	–	17,270,000	–
– Mr. Lo Chi Kin, Andie	10,000,000	–	–	10,000,000
– Mr. Tsui Muk Ming, Danny	10,000,000	–	–	10,000,000
– Mr. Sit Chun Sze	10,000,000	–	–	10,000,000

3. Share options granted

on 9th July 2001 at an
exercise price of HK\$0.10 and
exercisable from 9th July 2001
to 8th July 2011

– Mr. Chan Fat Chu, Raymond	–	21,000,000	21,000,000	–
– Mr. Chan Fat Leung, Alexander	–	21,000,000	21,000,000	–
	<u>95,672,000</u>	<u>42,000,000</u>	<u>76,540,000</u>	<u>61,132,000</u>

Save as disclosed herein, none of the Directors of the Company or their associates have any interests in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which are required to be recorded in the register under section 29 of the SDI Ordinance or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Under the pre-IPO share option plan adopted by Trasy (the “Trasy Scheme”), the directors of Trasy may, at its discretion, on or before 29th November 2000, grant options to any full-time employees of Trasy, the Company, and their respective subsidiaries, including executive directors of these companies, to subscribe for shares in the capital of Trasy. The maximum number of shares in respect of which options may be granted under the Trasy Scheme may not exceed 10% of the issued capital of Trasy outstanding on the date of listing of Trasy shares on Growth Enterprise Market. The options granted under the Trasy Scheme are exercisable in stages in accordance with the terms of the Trasy Scheme commencing from 7th June 2001 to 28th November 2010 and have a duration of ten years from the date of grant, but shall lapse one month after the grantee ceases to be employed by the Company, Trasy, or their respective subsidiaries.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (Continued)

Details of movements in the Trasy pre-IPO share options granted under the Trasy Scheme to certain Directors of the Company are as follows:

	Options outstanding as at 1st May 2001	Options exercised during the period	Options outstanding as at 31st October 2001
Share options granted on 29th November 2000 at an exercise price of HK\$0.21			
– Mr. Chan Fat Chu, Raymond	7,364,000	–	7,364,000
– Mr. Chan Fat Leung, Alexander	7,364,000	–	7,364,000
– Mr. Lo Chi Kin, Andie	1,698,000	–	1,698,000
– Mr. Tsui Muk Ming, Danny	1,698,000	–	1,698,000
– Mr. Sit Chun Sze	44,152,000	–	44,152,000
	<u>62,276,000</u>	<u>–</u>	<u>62,276,000</u>

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries, its fellow subsidiaries and its holding companies a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDER

As at 31st October 2001, the interests of every person, other than the directors or chief executives of the Company, in the equity securities of the Company as recorded in the register required to be kept under section 16(1) of the SDI Ordinance and the amount of such interests were as follows:

Name of shareholder	Number of ordinary shares of the Company
Tem Fat Hing Fung (Holdings) Limited (“Tem Fat”)	389,702,818*

* These shares are held through Chimstar Limited and Sky Lead International Limited, both are wholly-owned subsidiaries of Tem Fat.

Save as aforesaid, no person other than the Directors or chief executives of the Company was interested in the equity securities of the Company which are required to be recorded in the register kept under section 16(1) of the SDI Ordinance.

PRACTICE NOTE 19 TO THE LISTING RULES

Reference is made to the specific performance obligation imposed on the substantial shareholder and certain directors of the Company in relation to the 5% convertible notes (the “Notes”) issued by the Company of which an aggregate principal amount of US\$19,300,000 (approximately HK\$149 million) remains outstanding as at the balance sheet date. Included in the balance are principal denomination of US\$5,000,000 (approximately HK\$39 million) held by a subsidiary of the Company.

Pursuant to the terms of the Notes, the principal amount outstanding on the Notes and the interest accrued thereon may be declared due and payable in the event that, amongst other things, both Mr. Chan Fat Chu, Raymond and Mr. Chan Fat Leung, Alexander cease to be the Directors of the Company. Failure to comply with this condition would constitute an event of default under paragraph 9(i) of the terms of the Notes. The maturity for the repayment of the Notes was on 28th April 2003. The amount outstanding in these Notes represents approximately 19% of the total borrowings (excluding trade related liabilities) of the Group as at 31st October 2001.

In addition, the financial covenant underlying a gold loan facility which requires the maintenance of the Group’s consolidated net tangible assets at no less than HK\$800 million, as well as cross-default covenants underlying certain other borrowings as triggered thereby, have not been complied with. The total outstanding loans and other indebtedness affected in this connection amounted to approximately HK\$264 million as at 31st October 2001. In addition, as a result of the subsequent movement in the Group’s indebtedness, as at the latest practicable date for the preparation of Interim Financial Statements, the total amount of the Group’s outstanding loans and other indebtedness as affected has increased to approximately HK\$321 million, comprising a gold loan payable of HK\$24 million, a bank loan of HK\$50 million, convertible notes and bonds of HK\$169 million, a promissory note payable of HK\$39 million, and accounts payable for gold purchase of HK\$39 million. The terms of the affected facility agreements stipulate that with any non-compliance of credit covenants, the lender of these borrowings may serve a notice to the Group to declare these borrowings immediately due and repayable.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period under review.

AUDIT COMMITTEE

The Interim Financial Statements have been reviewed by the Audit Committee. The Audit Committee has also reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters.

CORPORATE GOVERNANCE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the period under review, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules, except that independent non-executive Directors of the Company are not appointed for specific terms as they are subject to retirement by rotation at the annual general meeting in accordance with the provisions of the Company's Bye-Laws.

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

Hong Kong, 31st May 2002