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# **RNA HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 501)

## **ANNOUNCEMENT**

**(I) Signing of Heads of Terms,  
(II) Winding up Petition,  
(III) Resignation of an Executive Director  
and  
(IV) Delay in Release and Publication of Final Results  
for the Year Ended 30 April 2003  
and the Interim Results  
for the Six Months Ended 31 October 2003**

### **(I) SIGNING OF HEADS OF TERMS**

The Company, the Funder and the Reporting Accountants and the Guarantors entered into Heads of Terms on 30 March 2004 pursuant to which indicative terms of a restructuring of the Company's affairs have been agreed.

The restructuring of the Company is subject to execution of formal restructuring agreements and accordingly may or may not proceed.

If the restructuring is to proceed, it will involve amongst other things, the compromise and discharge of all unsecured indebtedness of the Company by way of schemes of arrangement and subscription by the Funder for new Shares of the Company. It is not proposed that the subscription by the Funder will result in the Funder acquiring control of more than 15% of the voting rights in the Company at any time.

Further announcements will be made when any major developments relating to the proposed restructuring of the Company occur.

## **(II) WINDING UP PETITION**

On 23 April 2004, the Company received a winding up petition filed with the High Court of Hong Kong SAR by one of its creditors dated 19 April 2004. In view of the proposed restructuring being contemplated, the Board intends to apply to the court for adjournment of the winding up petition.

## **(III) RESIGNATION OF AN EXECUTIVE DIRECTOR**

The Board announces that Mr. Tsui Muk Ming, Danny, has resigned as the executive director of the Company with effect from 23 April 2004.

## **(IV) DELAY IN RELEASE AND PUBLICATION OF FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2003 AND THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2003**

The Board announces that the release and publication of the audited consolidated final results of the Group for the year ended 30 April 2003, which were required to be published and despatched on or before 31 August 2003 pursuant to Rule 13.49(1) and 13.46(1), will be delayed to around 30 June 2004. The release and publication of the unaudited consolidated interim results for the six months ended 31 October 2003, which were required to be published and despatched on or before 31 January 2004 pursuant to Rule 13.49(6) and 13.48(1), will be delayed to around 31 July 2004.

**Trading of the Shares of the Company has been suspended from 9:30 a.m. on 2 June 2003 and will continue to be suspended until further notice.**

## **(I) SIGNING OF HEADS OF TERMS**

The Board is pleased to announce that on 30 March 2004, the Company entered into Heads of Terms with the Funder, the Reporting Accountants and the Guarantors under which indicative terms of a restructuring of the Company's affairs have been agreed amongst the Company, the Funder and the Reporting Accountants.

It is contemplated that the principal terms of the restructuring of the Company will involve:

- schemes of arrangement whereby (a) all unsecured indebtedness of the Company (estimated to be approximately HK\$674.74 million at the signing of the Heads of Terms) will be compromised and discharged in consideration for new shares to be issued by the Company; and (b) transfer of all assets of the Company not necessary for the continuation of the LOCO Business and any related businesses to a special purpose vehicle to be held by the Reporting Accountants for the benefits of the creditors;
- subscription by the Funder for new Shares and share options of the Company. It is not proposed that the subscription by the Funder will result in the Funder acquiring control of more than 15% of the voting rights in the Company at any time; and

- a rights issue to be carried out by the Company upon completion of the restructuring and resumption of trading in the Shares.

The above indicative terms are for information proposes only and remain subject to modifications and variations.

The restructuring of the Company is subject to execution of formal restructuring agreements and accordingly may or may not proceed.

Pursuant to the Heads of Terms, the Reporting Accountants have been appointed to, inter alia, assist the Company in preparing a suitable and viable proposal for the restructuring of its indebtedness and the Group's operations and in implementing the restructuring proposal as efficiently and expeditiously as possible. On 2 April 2004, Asian Capital (Corporate Finance) Limited was appointed as financial adviser to the Company. The Reporting Accountants and the financial adviser are now collecting the necessary information to facilitate the proposed restructuring and address it with the creditors of the Company. The Company intends to enter into formal restructuring agreements as soon as practicable.

The Funder has agreed to contribute up to HK\$5.5 million (of which HK\$1.5 million has been paid) toward the costs and expenses of the proposed restructuring which, upon successful completion of the restructuring, will be applied toward subscription of 5.5 billion new Shares in the Company.

The Funder is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Heng Fung Holdings Limited, a company whose securities are listed on the Stock Exchange. The Guarantors will irrevocably and unconditionally guarantee the obligations of the Funder and indemnify the Funder against any loss, liability or cost incurred by the Funder under the restructuring up until the restructuring becomes effective.

The Funder and Heng Fung Holdings Limited are independent third parties 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.

It is the intention of the Company and the Funder to maintain the listing status of the Company on the Stock Exchange post restructuring.

Further announcements will be made when any major developments relating to the proposed restructuring of the Company occur.

Details of the proposed restructuring have not been finalised and will be submitted to the Stock Exchange for review in due course. Any issue of new Shares will be subject to the approval of the Stock Exchange.

## **(II) WINDING UP PETITION AGAINST THE COMPANY**

On 23 April 2004, the Company received a winding up petition filed with the High Court of Hong Kong SAR by one of its creditors dated 19 April 2004 in respect of a amount of approximately HK\$5 million owed by the Company and the court hearing for the winding up petition is scheduled on 9 June 2004. In light of the proposed restructuring being contemplated, the Board intends to apply for adjournment of this court hearing. Further announcement(s) in relation to the winding up petition will be made as and when appropriate.

## **(III) RESIGNATION OF AN EXECUTIVE DIRECTOR OF THE COMPANY**

The Board announces that in view of its lack of sufficient working capital, the Company is unable to continue the employment with Mr. Tsui Muk Ming, Danny (“Mr. Tsui”), who resigned as an executive director of the Company with effect from 23 April 2004. Mr. Tsui confirmed that he had no disagreement with the Board and there were no other matters that need to be brought to the attention of the shareholders of the Company. The Board would like to thank Mr. Tsui for his contribution during his directorship with the Company.

## **(IV) DELAY IN RELEASE AND PUBLICATION OF FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2003 AND THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2003**

More time is required to finalise the audited consolidated final results of the Group for the year ended 30 April 2003 and the unaudited consolidated interim results for the six months ended 31 October 2003 respectively. The Company is undergoing a financial restructuring and over the past few months, the Company has devoted considerable time to working with its auditors and an external accounting firm in order to improve its accounting reporting system and internal control system. The audit field work commenced in January this year and is close to completion. The Board expects that it will take an additional two months to finalise the audit and the annual accounts, including the time which may be required for discussion between the Company and its auditors in relation to any possible qualifications on the accounts. Further, the aforesaid additional time frame has also taken into account the time and resources which are required to complete the proposed restructuring with the Heads of Terms.

The Board expects that its audited consolidated final results for the year ended 30 April 2003 should be published around 30 June 2004, and the unaudited consolidated interim results for the six months ended 30 October 2003 should be published around 31 July 2004.

The delay in the release and publication of final results constitutes a breach of Rule 13.49(1) and 13.46(1) of the Listing Rules, which require the Company to publish its final results in the newspapers and despatch its annual report to its shareholders not later than four months after the end of its financial year. The Company has also breached Rule 13.49(6) and 13.48(1) of the Listing Rules, which require the Company to publish its interim results in the newspapers and despatch its interim report to its

shareholders not later than three months after the end of that six-month period. The Stock Exchange has reserved its right to take appropriate actions against the Company and/or its directors.

The Directors are aware of and will comply with Rule A3 of Appendix 10 of the Listing Rules. The Directors have confirmed that they have not dealt with any of the securities of the Company since August 2003. The Directors have given their undertakings to the Stock Exchange that they will not deal in the securities of the Company until the Group's audited financial results for the year ended 30 April 2003 and its interim results for the six months ended 31 October 2003 are released and published.

**Trading of the Shares of the Company has been suspended from 9:30 a.m. on 2 June 2003 and will continue to be suspended until further notice.**

## DEFINITION

“associates”	shall have the same meanings as defined in the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	RNA Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Directors”	Chan Fat Chu, Raymond and Chan Fat Leung, Alexander;
“Funder”	Clear Prospect Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Heng Fung Holdings Limited, a company whose securities are listed on the Stock Exchange;
“Group”	the Company and its subsidiaries;
“Guarantors”	Chan Fat Chu, Raymond and Chan Fat Leung, Alexander;
“Heads of Terms”	heads of terms dated 30 March 2004 entered into by the Company, the Funder, the Reporting Accountants and the Guarantors;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“HK\$”	the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LOCO Business”	the business of trading of bullion, precious or related products with LOCO Hong Kong Limited, a company wholly and beneficially owned by Li Ka Shing, the Chairman of Cheung Kong Holdings Limited and Hutchison Whampoa Limited;
“Reporting Accountants”	RSM Nelson Wheeler Corporate Advisory Services Limited;

“Share(s)” ordinary share(s) of HK\$0.001 each in the existing share capital of the Company;

“Shareholder(s)” holder(s) of the Share(s);

“Stock Exchange” the Stock Exchange of Hong Kong Limited.

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

*Executive Directors*

Chan Fat Chu, Raymond  
Chan Fat Leung, Alexander

*Independent non-executive directors*

Tang Man Ching  
Lim Siang Kai

Hong Kong, 28 April 2004

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