

Chairman's Statement

Business Highlights

FY2000 was a challenging year for the company, with the second half falling short of expectations.

Revenue generated from the group's motor vehicle sales and aftersales servicing business decreased by 42% to HK\$80.9 million with loss for the year narrowed to HK\$1.5 million. General Motors Asia Inc did not renew the car distribution agreements of the group upon their expiration on 31st December 2000. As a result, the group divested its aftersales service business and all its dormant motor business related subsidiaries in January 2001.

Following a change in controlling shareholder in May 2000, the company, now known as renren Media Limited, positioned itself to fully leverage the potential of the Internet business. The Internet advertising market, however, proved more difficult than expected in the latter half of the year. As a result, the positive operational progress made by the group, which resulted in healthy growth in membership and page-views, did not yield the revenue growth necessary to significantly improve the bottom line. Revenue generated from the group's Internet related business amounted to HK\$1.4 million experiencing a loss of HK\$188.9 million.

Results & dividends

As a result of the aforementioned market difficulties, group turnover for 2000 was HK\$82.3 million, or 40.7% below that of 1999, and the loss attributable to shareholders increased to HK\$190.4 million. Based on these results, the directors do not recommend the payment of a dividend in respect of the year.

Outlook

With the introduction of Sky Concord Development Limited as the controlling shareholder of the company, the group should be well positioned to leverage the renren brand to diversify from its Internet Business into other more profitable media businesses, as well as to take advantage of investment opportunities which are likely to emerge as a result of China's accession to the World Trade Organisation ("WTO"). The company has already significantly restructured its assets and organization to reduce costs in the website business and is developing its suite of e-services.

Merle Michael Robinson

Chairman

Hong Kong, 20th April 2001