

CORPORATE INFORMATION

Executive Directors

Mak Chi Yeung, Chairman

Ha Wing Kuen

Lam Ho Fai

Independent Non-executive Directors

Lo Chi Man, Joseph

Wong Kwong Lung, Terence

Company Secretary

Ha Wing Kuen

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Liu Chong Hing Bank Limited

Share Registrar

Abacus Share Registrars Limited

Audit Committee

Lo Chi Man, Joseph

Wong Kwong Lung, Terence

Registered Office

Clarendon House, Church Street,

Hamilton HM11, Bermuda

Head Office and Principal Place of Business

Room 601, Pacific House,

20 Queen's Road Central,

Hong Kong

The board of Directors of renren Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group has a turnover of HK\$15,326,000 for the mentioned period compared to the same period last year of only HK\$277,000. The substantial increase in turnover over the same period last year was due to the business in telecommunication products and services extended by the Group.

The Group has a gross trading profit margin of HK\$0.6 million for the period compared to a gross trading loss of HK\$1.0 million the same period last year. The Group has been moving away from business that incurred loss on gross trading margin to business with thin profit margin.

Loss attributable to the shareholders for the six months period ended in June this year is around HK\$53 million which is slightly reduced as compared to the same period last year. Loss from operating activities was around HK\$66.3 million last year. After HK\$10.4 million profits gain on disposal of distribution of motor vehicles and spare parts business and other finance cost, the loss attributable to the shareholder for the six months period ended last year was HK\$56.7 million.

The loss of HK\$53 million in this year are mainly arising from HK\$21.5 million related to loss on disposal of and the reduction in value of the marketable listed securities, HK\$10.7 million related to the written off of goodwill, HK\$3 million related to the depreciation of fixed assets and HK\$4 million arising from the sales of investment in unlisted securities.

Capital Structure and Major Acquisition

The Company effected a capital reorganization scheme which complied a capital reduction, share consolidation and a rights issue of 6,820,502,663 rights shares at an issue price HK\$0.016 per rights share on the basis of 17 rights shares for every 2 new shares with bonus warrants on the basis of one bonus warrant for every 5 rights shares taken up. After deducting the rights issue expenses, approximately HK\$103 million were received by the Company and the rights issue was completed in March.

The proceeds of HK\$36 million was used to acquire 49% interest in Wiseford Limited which provides telecommunication products and services in Hong Kong and the PRC. Another HK\$54 million was used to acquire shares in Magna Steels Co. Ltd. which provides management and consultancy services in an intelligent transport system in Shanghai.

As at 30th June 2002, there is total of 1,353,822,627 warrants outstanding and can be exercised into ordinary share for the period up to 11th March 2003.

In August, the Company has converted all the convertible bonds with outstanding principal amount of HK\$4.5 million into issue shares of the Company by the issue of approximately 86 million new shares.

Employees and Share Option Scheme

As the Group still facing competitive business environment in internet and telecommunication business, the Group maintained approximately 15 full time employees as at 30th June 2002 which has been further reduced comparing to last year.

The Group has adopted an employee share option scheme on 26th June 2000. Details of the share option scheme were disclosed in the 2001 Annual Report.

Business Prospects

The business of the Group is currently operating under a thin profit margin business environment due to the uncertainty of economic recover worldwide. This business and market environment is expected to continue in the coming months.

The telecommunication industry and its related services and products are still facing difficulties that profit margin may not be maintained at level that used to be.

The Group is still looking for business opportunity that will provide added value for future business expansion. The Company has adopted a policy that would tighten control on cost in order to face the future unfavourable business environment.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th June 2002 (2001:Nil).

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30th June 2002, the interests of the directors of the Company and their associates in the shares of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained under Section 29 of the SDI Ordinance and other interests of directors in the Company were as follows:-

Interests in the Company

Name of director	Nature of interest	Number of Ordinary shares held
Mak Chi Yeung	Corporate	3,962,652,160

3,962,652,160 shares are held by Rich Delta Development Limited, a company wholly owned by Sky Concord Development Limited which is wholly owned by Mr. Mak Chi Yeung.

Interest in the Company Warrants

Name of Director	Number of Warrants	Exercise price
Mak Chi Yeung	709,106,176	HK\$0.01

709,106,176 warrants are held by Rich Delta Development Limited, a company wholly owned by Sky Concord Development Limited which is wholly owned by Mr. Mak Chi Yeung.

These are bonus warrants on the basis of one bonus warrant for every five rights shares taken up. Further details of the rights issue with bonus warrants are set out in the prospectus of the Company dated 11th February 2002. These bonus warrants can be exercised into ordinary shares during 7th March, 2002 to 11th March, 2003.

Interest in Company Options

Name of director	Number of Share Options Outstanding as at 1st January, 2002	Number of Share Option exercised during the Period	Number of Share Option outstanding as at 30 June, 2002	Exercise Price
				<i>HK\$</i>
Mak Chi Yeung	180,000,000	–	14,400,000	0.162
Ha Wing Kuen	180,000,000	–	14,400,000	0.162
Lam Ho Fai	140,000,000	–	11,200,000	0.162

All the above options were granted to the directors on 23 July, 2001. None of the directors has exercised any share option during the six months period ended 30th June, 2002. The number of share options outstanding as at 30 June 2002 and the exercise price of the share options have been adjusted due to the capital reduction and share consolidation and rights issue in the Company's share capital. The exercise period of the above share option is from 23 July 2001 to 25 June, 2010.

Save as disclosed above, none of the directors or their associates had any beneficial interest in the share capital of the Company and its associated corporations as recorded in the register required to be kept under Section 29 of the SDI Ordinance nor as required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDER

As at 30th June 2002, the register of substantial shareholder maintained under Section 16(l) of the SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of shareholder	Number of shares	Approximately Percentage of the Issued share capital
Rich Delta Development Limited	3,962,652,160	51.91%
Sky Concord Development Limited	3,962,652,160	51.91%
Mak Chi Yeung	3,962,652,160	51.91%

Save as disclosed above, the directors of the Company are not aware of any other person who as at 30th June 2002 was, directly or indirectly, interested in 10% or more of the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed and discussed with management the unaudited interim accounts for the six months ended 30th June 2002, appropriateness of accounting policies and the adequacy of disclosures.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of in the Listing Rules of the Stock Exchange for the six months ended 30th June 2002.

By Order of the Board
Mak Chi Yeung
Chairman

Hong Kong, 20 September 2002

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT*(unaudited)*

		6 months ended	
		30th June	
		2002	2001
	<i>Notes</i>	HK\$000	<i>HK\$000</i>
Turnover	2	15,326	277
Cost of sales		<u>(14,662)</u>	<u>(1,365)</u>
Gross profit/(loss)		664	(1,088)
Other revenue		251	1,965
Administrative expenses		(50,350)	(41,298)
Other operating expenses		<u>(3,516)</u>	<u>(25,900)</u>
Loss from operating activities	3	(52,951)	(66,321)
Finance costs		(753)	(877)
Gain on disposal of discontinued operations		<u>–</u>	<u>10,405</u>
Loss before taxation		(53,704)	(56,793)
Taxation	4	<u>–</u>	<u>–</u>
Loss attributable to shareholders		<u>(53,704)</u>	<u>(56,793)</u>
Loss per share (basic)	5	<u>(0.65) cents</u>	<u>(0.7) cents</u>

There were no recognized gains or losses other than the net loss for the period.

CONDENSED CONSOLIDATED BALANCE SHEET

<i>(in HK\$ thousands)</i>	<i>Notes</i>	Unaudited 30th June 2002	Audited 31st December 2001
Non-current Assets			
Fixed assets		11,696	13,630
Goodwill		87,970	18,287
Investment in securities	6	7,003	10,000
		<u>106,669</u>	<u>41,917</u>
Current Assets			
Accounts receivable	7	7,467	1,315
Deposits, prepayments and other receivables		3,181	1,931
Investments in securities	6	9,306	36,233
Pledged time deposits		671	774
Cash and cash equivalents		4,564	6,168
		<u>25,189</u>	<u>46,421</u>
Current Liabilities			
Accounts payable	8	683	412
Accrued liabilities and other payables		9,494	9,659
Convertible bonds and notes payable		9,150	12,150
Current portion of finance lease payables	9	5,455	9,361
		<u>24,782</u>	<u>31,582</u>
Net Current Assets		<u>407</u>	<u>14,839</u>
Total Assets less Current Liabilities		107,076	56,756
Non-current Liabilities			
Finance lease payables	9	197	1,005
		<u>197</u>	<u>1,005</u>
		106,879	55,751
Capital Employed			
Share capital	10	76,332	100,302
Reserves	11	30,547	(44,551)
		<u>106,879</u>	<u>55,751</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*(unaudited)*

<i>(in HK\$ thousands)</i>	6 months ended	
	2002	2001
	30th June	
Net cash outflow from operating activities	(42,909)	(42,715)
Net cash outflow from investing activities	(55,096)	(50,124)
Net cash inflow from financing activities	96,401	41,165
Decrease in cash and cash equivalents	(1,604)	(51,674)
Cash and cash equivalents at 1st January	6,168	84,925
Cash and cash equivalents at 30th June	4,564	33,251
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	4,564	33,251

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Principal accounting policies

These unaudited condensed consolidated interim accounts (“interim accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No.25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants, (as applicable to condensed interim accounts) and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. Segment information

The Group’s principal activities are engaged in the provision of Internet products and services.

An analysis of the Group’s turnover and contribution to the loss for the period by principal activities is as follows:

	6 months ended 30th June 2002			
	<i>HK\$000</i>			
	Online operations	Offline operations	Investment holding	Consolidated
Revenues	—	15,326	—	15,326
Segment results	(26,476)	(1,372)	(21,587)	(49,435)
Unallocated cost				(3,516)
Operating loss				(52,951)
Finance cost				(753)
Loss before tax				(53,704)
Tax				—
Loss attributable to shareholders				(53,704)

6 months ended 30th June 2001

HK\$000

	Online operations	Offline operations	Investment holding	Consolidated
Revenues	<u>277</u>	<u>-</u>	<u>-</u>	<u>277</u>
Segment results	<u>(66,321)</u>	<u>-</u>	<u>-</u>	<u>(66,321)</u>
Unallocated gain				<u>10,405</u>
Operating loss				<u>(55,916)</u>
Finance cost				<u>(877)</u>
Loss before tax				<u>(56,793)</u>
Tax				<u>-</u>
Loss attributable to shareholders				<u>(56,793)</u>

An analysis of the Group's turnover and contribution to operating loss for the period by geographical segment is as follows:

Geographical segment:	Unaudited Turnover 6 months ended 30th June		Unaudited Operating loss 6 months ended 30th June	
	2002 HK\$000	2001 HK\$000	2002 HK\$000	2001 HK\$000
Hong Kong	<u>15,326</u>	41	<u>(52,951)</u>	(45,526)
Mainland China	-	163	-	(10,139)
United State	-	73	-	(251)
	<u>15,326</u>	<u>277</u>	<u>(52,951)</u>	<u>(55,916)</u>

3. Loss from operating activities

Operating loss is stated after crediting and charging the following:

	Unaudited 30th June 2002 HK\$000	Unaudited 30th June 2001 HK\$000
Crediting		
Exchange gain	–	26
Gain on disposal of fixed assets	–	756
	<u> </u>	<u> </u>
Charging		
Write off of investment in websites	–	26,220
Write off of fixed assets	–	267
Loss on disposal of investment in securities	5,239	–
Amortisation of goodwill	10,758	–
Depreciation		
Owned fixed assets	638	2,003
Leased fixed assets	2,357	3,875
Unrealised holding loss on investment in securities	19,864	169
	<u> </u>	<u> </u>

4. Taxation

No provision for Hong Kong Profits Tax has been made in the interim accounts as the Company and its subsidiaries have no assessable income for the period ended.

5. Loss per share

The calculation of the loss per share is based on the net loss from ordinary activities attributable to shareholders for the period ended 30th June 2002 of HK\$53,704,000 (2001:HK\$56,793,000), and the weighted average of 8,211,271,603 (2001:7,765,021,988) ordinary shares in issue during the period. Diluted loss per share has not been calculated as no diluting events existed during both periods.

6. Investment in securities

	Unaudited 30th June 2002 HK\$000	Audited 31st December 2001 HK\$000
Investment securities:		
Unlisted in Hong Kong, at cost	<u>7,003</u>	<u>10,000</u>
Other investments:		
Listed in Hong Kong, at market value	9,306	36,031
Listed outside Hong Kong, at market value	<u>–</u>	<u>202</u>
	<u>9,306</u>	<u>36,233</u>
	<u>16,309</u>	<u>46,233</u>
Carrying amount analysed for reporting purpose as:		
Non-current	7,003	10,000
Current	<u>9,306</u>	<u>36,233</u>
	<u>16,309</u>	<u>46,233</u>

7. Accounts receivable

	Unaudited 30th June 2002 HK\$000	Audited 31st December 2001 HK\$000
Within 30 days	6,185	1,090
31-60 days	238	225
61-90 days	244	–
Over 90 days	<u>800</u>	<u>–</u>
	<u>7,467</u>	<u>1,315</u>

8. Accounts payable

	Unaudited 30th June 2002 <i>HK\$000</i>	Audited 31st December 2001 <i>HK\$000</i>
Within 30 days	421	372
31-60 days	126	31
61-90 days	—	9
Over 90 days	136	—
	<u>683</u>	<u>412</u>

9. Finance leases payables

	Unaudited 30th June 2002 <i>HK\$000</i>	Audited 31st December 2001 <i>HK\$000</i>
Amounts payable:		
Within one year	5,455	9,361
In the second year	197	1,005
	<u>5,652</u>	<u>10,366</u>

10. Share capital

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$000
<i>Authorised:</i>		
At 31st December 2001 and 30th June 2002	<u>30,000,000,000</u>	<u>300,000</u>
<i>Issued and fully paid:</i>		
At 31st December 2001	10,030,150,989	100,302
Reduction of issued and paid-up ordinary share capital from HK\$0.01 each to HK\$0.0008 each and transferred to accumulated losses	–	(92,277)
Consolidation of issued and paid-up ordinary share capital on the basis of 25 issued shares of HK\$0.0008 each consolidated into 2 new shares of HK\$0.01 each	(9,227,738,911)	–
Issue of shares	6,820,502,663	68,205
Exercise of warrants	<u>10,277,905</u>	<u>102</u>
	<u>7,633,192,646</u>	<u>76,332</u>

11. Reserves

	Unaudited 30th June 2002 HK\$000	Audited 31st December 2001 HK\$000
Accumulated losses		
Balance brought forward	(521,826)	(437,001)
Cancelled paid-up ordinary share capital	92,277	–
Loss for the period or year	(53,704)	(84,825)
Balance carried forward	(483,253)	(521,826)
Share premium		
Balance brought forward	477,275	429,870
Issue of shares	40,924	50,567
Issue expenses	(4,399)	(3,162)
Balance carried forward	513,800	477,275
Total Reserves	30,547	(44,551)