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**GRAND COSMOS HOLDINGS LIMITED**  
*(incorporated in the British Virgin Islands with limited liability)*

**renren Holdings Limited**  
**人人控股有限公司\***  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 59)**

## **JOINT ANNOUNCEMENT**

**(1) Acquisition of shares in renren Holdings Limited by Grand Cosmos Holdings Limited**

**and**

**(2) Possible mandatory conditional cash offer by**



**KINGSTON SECURITIES LIMITED**

**on behalf of Grand Cosmos Holdings Limited**

**to acquire all the issued shares in renren Holdings Limited**

**(other than those already owned by**

**Grand Cosmos Holdings Limited and parties acting in concert with it)**

**FINANCIAL ADVISER TO GRAND COSMOS HOLDINGS LIMITED**



**KINGSTON CORPORATE FINANCE LIMITED**

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE  
OF RENREN HOLDINGS LIMITED**

***Hercules***

**HERCULES CAPITAL LIMITED**

\* for identification purpose only

## **THE SALE AND PURCHASE AGREEMENT**

The board of directors of the Offeror and the Company announce that the Sale and Purchase Agreement was entered into between the Offeror and the Vendor on 25 October 2004, pursuant to which the Offeror agreed to purchase and the Vendor agreed to sell an aggregate of 3,160,922,790 Sale Shares for a consideration of approximately HK\$34,770,151 (equivalent to HK\$0.011 per Sale Share). The Sale Shares represent approximately 46.16 % of the entire issued share capital of the Company as at the date of this announcement. Completion will be conditional upon (a) there having been no material breach of any of the representations, warranties and undertakings given by the Vendor under the Agreement which has not yet been remedied and (b) the SEHK and SFC not having notified the Company that its listing will or may be withdrawn on or as a result of the completion of the Sale and Purchase Agreement prior to this announcement having been cleared by the Stock Exchange and the SFC for publication. If the above conditions are fulfilled, the Completion will take place on the third business day after the date on which this announcement is cleared by the SFC and the Stock Exchange for publication and an announcement will be jointly made by the Offeror and the Company regarding Completion.

## **THE OFFER**

Immediately before Completion, the Offeror does not have any shareholding interest, convertible securities, warrants or options in the Company. Following Completion, the Offeror and parties acting in concert with it will own in aggregate 3,160,922,790 Shares, representing approximately 46.16% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it. The principal terms of the Offer are set out under the section headed "Possible mandatory conditional cash offer" below. Kingston Corporate Finance has been engaged by the Offeror as its financial adviser in respect of the Offer and Kingston Securities will make the Offer on behalf of the Offeror. Kingston Securities has provided the Offeror with a loan facility for the purpose of financing the total consideration for the Offer and both Kingston Corporate Finance and Kingston Securities are satisfied that there are sufficient financial resources available to the Offeror for meeting full acceptance of the Offer.

## **DESPATCH OF COMPOSITE OFFER DOCUMENT**

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer. The Offeror and the Company will combine the offer document and the Company's board circular in the Composite Offer Document to be posted within such period. The Independent Board Committee has been established by the Company to advise the independent Shareholders in respect of the Offer. Hercules has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 26 October 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 3 November 2004.

## **THE SALE AND PURCHASE AGREEMENT**

Date: 25 October 2004

Vendor: Rich Delta Development Limited, which is ultimately beneficially wholly-owned by Mr. Mak Chi Yeung The Vendor confirms that prior to Completion it and parties acting in concert with it hold 3,160,922,790 Shares, representing approximately 46.16% of the issued Shares

Purchaser: Grand Cosmos Holdings Limited, which is ultimately beneficially owned by Mr. Yu Pan, both the Purchaser and Mr. Yu Pan being independent of and neither connected with nor acting in concert with the Company, the directors, chief executive or substantial shareholders of the Company and the Vendor or any of their respective subsidiaries, or any of their respective associates.

Sale Shares: An aggregate of 3,160,922,790 Shares, representing approximately 46.16 % of the entire issued share capital of the Company as at the date of this announcement.

The Sale Shares will be acquired by the Offeror free from all liens, charges, encumbrances and any other third-party rights together with all rights attaching thereto on or after Completion.

Conditions: (i) there having been no material breach of any of the representations, warranties and undertakings in the Agreement which has not yet been remedied immediately prior to Completion; and (ii) the SEHK and SFC not having notified the Company that its listing will or may be withdrawn on or as a result of the completion of the Sale and Purchase Agreement prior to this announcement having been cleared by the Stock Exchange and/or SFC for publication.

Consideration: Approximately HK\$34,770,151 (equivalent to HK\$0.011 per Sale Share) for the acquisition of the Sale Shares, payable in cash.

The price of the Sale Shares was determined after arm's length negotiations between the Offeror and the Vendor with reference to, amongst other things, the recent price performance of the Shares.

Completion will take place on the third business day after the date on which this announcement is cleared by the SFC and the Stock Exchange for publication. An announcement will be jointly made by the Offeror and the Company upon Completion.

#### **POSSIBLE MANDATORY CONDITIONAL CASH OFFER**

Immediately before Completion, the Offeror and parties acting in concert with it does not have any shareholding interest, convertible securities, warrants or options in the Company. Immediately following Completion, the Offeror and parties acting in concert with it will own in aggregate 3,160,922,790 Shares, representing approximately 46.16% of the entire issued share capital of the Company. The Offeror will therefore be required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares not already owned by it and parties acting in concert with it.

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer. The Offeror and the Company will combine the offer document and the Company's board circular in the Composite Offer Document to be posted within such period. The Independent Board Committee has been established by the Company to advise the independent Shareholders in respect of the Offer. Hercules has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

#### **The Offer**

For each Share ..... HK\$0.011 in cash

The Offer Price is the same as the price paid by the Offeror for each Sale Share under the Sale and Purchase Agreement.

#### **Share Options**

As at the date of this announcement, the Company had granted 215,742,600 Share Options under the share option scheme adopted by the Company on 26 June 2000. Each of the holders of all outstanding Share Options has undertaken to waive his or her rights under all the outstanding Share Options and all the outstanding Share Options will be cancelled upon Completion and therefore the Offeror will not be extending the Offer or making any comparable offer arising out of or in relation to the Offer for any Share Options pursuant to the Takeovers Code.

Save as aforesaid, there is no outstanding options, warrants or securities convertible or exchangeable into Shares as at the date of this announcement.

## **Comparison of value**

The Offer Price of HK\$0.011 per Share represents:

- (a) a premium of approximately 10% over the closing price of HK\$0.01 per Share as quoted on the Stock Exchange on 25 October 2004, being the last trading day before the release of this announcement;
- (b) a premium of approximately 10% over the average closing price of approximately HK\$0.01 per Share as quoted on the Stock Exchange over the last 10 consecutive trading days up to and including 25 October 2004;
- (c) a premium of approximately 10% over the average of closing price of the Shares of HK\$0.01 per Share as quoted on the Stock Exchange over the last 20 consecutive trading days up to and including 25 October 2004;
- (d) a premium of approximately 1,733.33% over the audited net asset value per issued Share of HK\$0.0006 for the year ended 31 December 2003; and
- (e) a premium of approximately 50.68% over the unaudited net asset value per issued Share of HK\$0.0073 for the interim period ended 30 June 2004.

As at the date of this announcement, there are 6,847,373,585 Shares in issue. On the basis of the Offer Price at HK\$0.011 per Share, the entire issued share capital of the Company is valued at approximately HK\$75,321,109. The Offer is being made for 3,686,450,795 Shares being valued at approximately HK\$40,551,000 based on the Offer Price. Kingston Corporate Finance has been engaged by the Offeror as its financial adviser in respect of the Offer and Kingston Securities will make the Offer on behalf of the Offeror. Kingston Securities has provided the Offeror with a loan facility for the purpose of financing the total consideration for the Offer and both Kingston Corporate Finance and Kingston Securities are satisfied that there are sufficient financial resources available to the Offeror for meeting full acceptance of the Offer.

## **Condition of the Offer**

The Offer will be subject to the Offeror receiving acceptances in respect of Shares, which together with Shares already owned by it and parties acting in concert with it before or during the Offer, will result in the Offeror and parties acting in concert with it holding 50% or more of the voting rights of the Company.

The Offeror does not intend to extend the period of the Offer if the above acceptance condition is not fulfilled by the first closing date of the Offer.

## **Effect of accepting the Offer**

By accepting the Offer, Shareholders will sell their Shares and all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date of the Sale and Purchase Agreement.

## **Stamp duty**

Stamp duty arising in connection with acceptance of the Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Shareholders, or the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will then pay the stamp duty deducted to the stamp duty office.

## **INFORMATION ON THE COMPANY**

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries comprise the provision of Internet products and services, the provision of telecommunication products and services and investment holding.

The following table sets out the shareholding structure of the Company before and immediately after the Acquisition:

	Before the Acquisition		After the Acquisition and before the Offer	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Rich Delta Development Limited and parties acting in concert with it	3,160,922,790	46.16	–	–
Offeror and parties acting in concert with it	–	–	3,160,922,790	46.16
Public	3,686,450,795	53.84	3,686,450,795	53.84
<b>Total</b>	<b>6,847,373,585</b>	<b>100.00</b>	<b>6,847,373,585</b>	<b>100.00</b>

*Note:* Rich Delta Development Limited, a company incorporated under the laws of the British Virgin Islands, whose registered office is at Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands and is wholly-owned by Sky Concord Development Limited, which is wholly-owned by Mr. Mak Chi Yeung, a director of the Company

Based on the Group's audited consolidated financial results, it recorded loss before tax of approximately HK\$89.33 million and HK\$100.78 million and loss after tax of approximately HK\$89.33 million and HK\$100.78 million for the two years ended 31 December 2002 and 31 December 2003. The Group's audited net asset value was approximately HK\$89.54 million and HK\$3.96 million respectively as at 31 December 2002 and 31 December 2003. The Group's audited net tangible assets and net tangible liabilities were approximately HK\$1.99 million and HK\$4.08 million respectively as at 31 December 2002 and 31 December 2003. The Company has a market capitalisation of approximately HK\$68.47 million based on the closing price of HK\$0.010 per Share as quoted on the Stock Exchange on 25 October 2004.

Based on the Group's unaudited consolidated financial results, it recorded losses of approximately HK\$27.30 million and HK\$8.11 million for the six months ended 30 June 2003 and 30 June 2004 respectively. The Group's unaudited net asset value was approximately HK\$49.72 million for the six months ended 30 June 2004. The Group's unaudited net tangible assets was approximately HK\$46.04 million for the six months ended 30 June 2004.

## INFORMATION ON THE OFFEROR AND ITS INTENTION REGARDING THE COMPANY

The Offeror, a company incorporated in the British Virgin Islands on 13 October 2004, is established solely for the purpose of the Acquisition. Mr. Yu Pan is the sole director and shareholder of the Offeror.

Mr. Yu Pan, aged 39, is a real property developer mainly in the PRC. Mr. Yu has over fifteen years of experience in the telecommunications industry and real estate development Tian Yu Square (天譽廣場) in Guangzhou, the PRC. Mr. Yu Pan is the managing director of Yu Tien Development Co. Ltd. which is incorporated in Hong Kong investing in Guangzhou Cheng Jian Tian Yu Real Estate Development Company Limited (廣州市城建天譽房地產開發有限公司), a sino-foreign joint cooperation company in the PRC. In late 2003, Yu Tien Development Co. Ltd entered into a subscription agreement with a subsidiary of Continental Mariner Investment Co. Ltd. (Stock Code 119) for the development of a 5-star hotel and office complex in Tian Ho district of Guangzhou (廣州市天河區). The said transaction was announced by Continental Mariner Investment Co. Ltd on 22 December 2003.

Immediately prior to Completion, neither the Offeror nor the parties acting in concert with it owned any Shares in the Company. Save for the entering into of the Sale and Purchase Agreement, none of the Offeror and parties acting in concert with it has dealt in any Shares during the period commencing on the date falling six months prior to the date of the Sale and Purchase Agreement and up to the date of this announcement.

Following the close of the Offer and assuming the Offer become unconditional, the Offeror intends to continue the existing business of the Group and will regularly review its business activities and assets. The Offeror has no intention to discontinue the employment of the employees (save for a possible change in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror has no intention to inject any assets or businesses into the Company.

As at the date of this announcement, the Company has three executive Directors, namely Mr. Mak Chi Yeung, Mr. Cheng Wai Keung and Mr. Kong Lung Cheung and three independent non-executive Directors, namely Mr. Lo Chi Man, Mr. Wong Kwong Lung and Mr. Yip Tai Him. It is intended that there will be a change in the composition of the Board and new Directors may be appointed to the Board at the earliest time as allowed under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement will be made upon any appointment of new Directors.

#### **MAINTAINING THE LISTING STATUS OF THE COMPANY**

**The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:**

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

**it will consider exercising its discretion to suspend dealings in the Shares.**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

**The Stock Exchange has also stated that, if the Company remains a listed company, any future injections of assets into or disposals of assets of the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has discretion to require the Company to issue a circular to its shareholders where any acquisition or disposal by the Company is proposed, irrespective of the size of such acquisition or disposal and in particular where such acquisition or disposal represents a departure from the principal activities of Company. The Stock Exchange also has the power pursuant to the Listing Rules, to aggregate a series of acquisitions or disposals by the Company and any such acquisitions or disposals may, in any event, result in the Company being treated as a new applicant for listing and subject to the requirements for new applicants as set out in the Listing Rules.**

#### **WARNING**

**The Offer will be subject to the Offeror receiving acceptances in respect of Shares, which together with Shares already held by it and parties acting in concert with it before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. As the Offer may or may not proceed, the Shareholders and investors should exercise caution in dealings in the Shares.**

#### **GENERAL**

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer. The Offeror and the Company will combine the offer document and the Company's board circular in the Composite Offer Document to be posted within such period. The Independent Board Committee has been established by the Company to advise the independent Shareholders in respect of the Offer. Hercules has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 26 October 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 3 November 2004.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	acquisition of the Sale Shares by the Offeror in accordance with the terms and condition of the Sale and Purchase Agreement
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of Directors
“Company”	renren Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Composite Offer Document”	the document to be jointly issued by and on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, terms and conditions of the Offer, the forms of acceptance and transfer in respect of the Offer, the advice of the independent financial adviser to the Independent Board Committee in respect of the Offer, and the advice of the Independent Board Committee to the independent Shareholders in relation to the Offer
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company and its subsidiaries
“Hercules”	Hercules Capital Limited, a licensed corporation to carry on business in type 6 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board to be established for the purpose of advising the independent Shareholders in relation to the Offer
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation to carry on business in types 4 and 6 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Kingston Securities”	Kingston Securities Limited, a deemed licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securities and corporate finance, providing automated trading services and asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	a possible mandatory conditional cash offer for all the issued Shares not already owned by the Offeror and parties acting in concert with it at the Offer Price to be made by Kingston Securities on behalf of the Offeror in accordance with the Takeovers Code
“Offeror” or “Purchaser”	Grand Cosmos Holdings Limited, a company incorporated in British Virgin Islands with limited liability, is ultimately beneficially owned by Mr. Yu Pan

“Offer Price”	HK\$0.011 per Share
“PRC”	the People’s Republic of China
“Share Options”	the share option scheme adopted by the Company on 26 June 2000 with an exercise period from 23 July 2001 to 25 June 2010 as set out in details in the Company’s 2003 annual report
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 25 October 2004 entered into between the Vendor and the Offeror in relation to the sale by the Vendor and the purchase by the Offeror of the Sale Shares
“Sale Shares”	3,160,922,790 Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Rich Delta Development Limited, a company incorporated under the laws of the British Virgin Islands, whose registered office is at Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands and is wholly-owned by Sky Concord Development Limited, which is wholly-owned by Mr. Mak Chi Yeung
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board  
**Grand Cosmos Holdings Limited**  
**Mr. Yu Pan**  
*Director*

By order of the board  
**renren Holdings Limited**  
**Mr. Mak Chi Yeung**  
*Chairman*

Hong Kong, 2 November 2004

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Group, and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement, other than those relating to the Group, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Offeror, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement, other than that relating to the Offeror, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

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