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德豪嘉信會計師事務所有限公司

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**TO THE MEMBERS OF SKYFAME REALTY (HOLDINGS) LIMITED
(FORMERLY KNOWN AS RENREN HOLDINGS LIMITED)**

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 23 to 79 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We were appointed auditors of the Company on 25 November 2005. The financial statements of the Company and its subsidiaries for the year ended 31 December 2004 were audited by another firm of auditors whose report dated 25 April 2005 was qualified in respect of limited evidence available to them to assess the recoverability of the promissory notes receivable with a net carrying amount of HK\$5,322,000 (aggregate principal amount of HK\$10,644,000 less provision for doubtful debts of HK\$5,322,000) and the adequacy of the provision as at 31 December 2004.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited as follows:

BASIS OF OPINION *(continued)*

(1) Scope limitation — Audit scope limitation affecting opening balances

We were not able to obtain sufficient reliable evidence to enable us to assess the net carrying amounts of the promissory note receivable of HK\$1,422,000 (principal amount of HK\$2,844,000 less provision for doubtful debt of HK\$1,422,000) and account receivable of HK\$3,900,000 (gross amount of HK\$7,800,000 less provision for doubtful debt of HK\$3,900,000, now reclassified from the promissory notes receivable as detailed in note 22) brought forward as at 1 January 2005. Any adjustments found to be necessary in respect thereof had we been able to obtain sufficient reliable evidence would have a consequential effect on the carrying amounts of the promissory note receivable, the account receivable, and the accumulated losses of the Group as at 1 January 2005 and the Group's results for the current year and the related disclosures thereof in the financial statements.

(2) Scope limitation — Impairment losses on the promissory note receivable and account receivable and gain on disposal of subsidiary

The promissory note receivable and account receivable referred to in point (1) above were recorded in the books of a wholly-owned subsidiary of the Company. During the year, further impairment losses on the promissory note receivable and account receivable totalling HK\$4,682,000 have been provided before the disposal of said subsidiary from which a gain on disposal of HK\$2,348,000 was generated. Our scope was limited due to the absence of sufficient and reliable evidence to enable us to assess whether the additional impairment losses provided by the Group in the current year is appropriate and whether the recognition of the impairment losses of HK\$4,682,000 and the gain on disposal of HK\$2,348,000 included in the Group's results for the year under the classification "discontinued operations" were fairly stated and properly classified. Any adjustments found to be necessary to the above amounts would affect the related disclosures thereof in the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence in respect of the promissory note receivable and account receivable referred to above, in our opinion, the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO McCabe Lo Limited

Certified Public Accountants

Li Yin Fan

Practising Certificate Number P03113

Hong Kong, 28 March 2006