

**SKYFAME REALTY (HOLDINGS) LTD:  
THE NAME OF THE COMPANY HAS BEEN CHANGED,  
BUT MESS IS UNCHANGED**

The former Substantial Shareholder of renren Holdings Ltd () (Code: 59, Main Board, The Stock Exchange of Hongkong Ltd, now known as Skyfame Realty (Holdings) Ltd) (), is facing a claim in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) of about \$HK4.14 million.

The Defendant in High Court Action Number 509 is Mr (Sunny) Mak Chi Yeung (), who, as at December 31, 2003, was the beneficial shareholder of about 48.42 percent of the Issued and Fully Paid-Up Share Capital of renren Holdings, as it was then known.

In fact, he was, as at that the date, the largest single shareholder of the publicly listed company.

What may be considered interesting about this Writ of Summons, in which Ever-Long Capital Ltd () is the Plaintiff, is that it is very apparent that (a) Mr Mak Chi Yeung had been having financial problems for some years and continues to face financial problems and (b) he had been trying to sell his equitable interest in renren Holdings for more than 2 years, prior to being able to find a willing buyer, seemingly unbeknownst to minority shareholders of the publicly listed company, who were kept completely in the dark about the difficult situation in respect of this gentleman, who controlled the company's fortunes for a while.

According to the Statement of Claim, attached to High Court Action Number 509, Mr Mak Chi Yeung, beneficially, is the owner of the British Virgin Islands company, named Rich Delta Development Ltd.

Rich Delta had a Principal Place of Business in the HKSAR, being Wyndham Street, 17<sup>th</sup> Floor, Number 44, Wyndham Street, Hongkong Central.

It is alleged at Paragraph 5 of the Statement of Claim that *'two loan agreements were made between Rich Delta and the Plaintiff'* on or about June 30, 2002, and April 30, 2003.

It is alleged that *'in consideration of the Plaintiff, inter alia, to advance to the Defendant (Mr Mak Chi Yeung) two loans on 12<sup>th</sup> June 2002 and 27<sup>th</sup> September 2004 for the respective sums of HK\$2,800,000.00 and HK\$23,570.00, Rich Delta agreed to mortgage 3,160,922,790 shares ('Mortgaged Shares') of Renren Holdings Limited ('Renren') to the Plaintiff.'*

As at November 3, 2004, it is alleged that Rich Delta owed to Ever-Long Capital, in aggregate, \$HK15,514,858.00.

The Statement of Claim continues:

*'Rich Delta has been in default of repayment of Loan 1 and Loan 2 under Loan Agreements A since 17<sup>th</sup> December 2002 and 9<sup>th</sup> May 2003 respectively and has been in default of repayment of Loan 3 under the Loan Agreements A ever since 9<sup>th</sup> August 2002. Loan 4 shall be due and payable on demand.'*

In order to repay that which was owed to Ever-Long Capital, it is alleged that Rich Delta gave instructions to the Plaintiff to dispose of the mortgaged shares in renren Holdings from December 3, 2002.

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