

Renren Inc.
Form F-1/A
May 02, 2011
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As filed with the Securities and Exchange Commission on May 2, 2011

Registration No. 333-173548

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

AMENDMENT NO. 5

TO

FORM F-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Renren Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

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Cayman Islands (State or other jurisdiction of incorporation or organization)	8900 (Primary Standard Industrial Classification Code Number) 23/F, Jing An Center	Not Applicable (I.R.S. Employer Identification Number)
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8 North Third Ring Road East

Beijing, 100028

The People's Republic of China

+86 (10) 8448-1818

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Law Debenture Corporate Services Inc.

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Approximate date of commencement of proposed sale to the public: as soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered ⁽¹⁾⁽²⁾	Proposed maximum offering price per share ⁽³⁾	Proposed maximum aggregate offering price ⁽²⁾⁽³⁾	Amount of registration fee ⁽⁴⁾
Class A Ordinary Shares, par value US\$0.001 per share ⁽¹⁾	183,195,000	US\$4.67	US\$854,910,000	US\$99,255.05

- (1) American depositary shares issuable upon deposit of the Class A ordinary shares registered hereby have been registered under a separate registration statement on Form F-6 (Registration No. 333-173515). Each American depositary share represents three Class A ordinary shares.
- (2) Includes 23,895,000 Class A ordinary shares that are issuable upon the exercise of the underwriters' option to purchase additional shares. Also includes Class A ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. These Class A ordinary shares are not being registered for the purpose of sales outside the United States.
- (3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(a) under the Securities Act of 1933.
- (4) Of which US\$77,986.11 was previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and neither we nor the selling shareholders are soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (SUBJECT TO COMPLETION)

ISSUED May 2, 2011

53,100,000 American Depositary Shares**Renren Inc.****Representing 159,300,000 Class A Ordinary Shares**

This is an initial public offering of American depositary shares, or ADSs, of Renren Inc. Each ADS represents three Class A ordinary shares of Renren Inc., par value US\$0.001 per share. We are offering 42,898,711 ADSs, and the selling shareholders identified in this prospectus are offering 10,201,289 ADSs. We will not receive any of the proceeds from the ADSs sold by the selling shareholders. Prior to this offering, there has been no public market for our shares or ADSs. We anticipate the initial public offering price will be between US\$12.00 and US\$14.00 per ADS.

We have applied to have our ADSs listed on the New York Stock Exchange, or the NYSE, under the symbol RENN.

Investing in our ADSs involves a high degree of risk. See Risk Factors beginning on page 14.

PRICE US\$ PER ADS

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us, Before Expenses	Proceeds to the Selling Shareholders
Per ADS	US\$	US\$	US\$	US\$
Total	US\$	US\$	US\$	US\$

The underwriters have an option to purchase up to 7,965,000 additional ADSs from us at the initial public offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus, to cover over-allotments.

Immediately prior to the completion of this offering, our outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten votes and is convertible into one Class A ordinary

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share. Immediately after the completion of this offering, Mr. Joseph Chen, our founder, chairman and chief executive officer, and SB Pan Pacific Corporation, one of our existing major shareholders, will hold 270,258,970 and 135,129,480 Class B ordinary shares, respectively, which, together with the Class A ordinary shares they respectively hold, will represent 56.0% and 33.6%, respectively, of our aggregate voting power, assuming (i) the underwriters do not exercise their over-allotment option to purchase additional ADSs, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range set forth above.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to purchasers on or about _____, 2011.

Morgan Stanley

Deutsche Bank Securities

Credit Suisse

BofA Merrill Lynch

Jefferies

Pacific Crest Securities

Oppenheimer & Co.

The date of this prospectus is _____, 2011.

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You should rely only on the information contained in this prospectus or in any related free-writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, the ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is current only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of this prospectus outside the United States.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before deciding whether to invest in our ADSs, you should carefully read this entire prospectus, especially the risks of investing in our ADSs discussed under the heading Risk Factors.

Overview

We operate the leading real name social networking internet platform in China as measured by total page views and total user time spent on social networking websites in February 2011, based on data issued in March 2011 by iResearch. Our platform enables our users to connect and communicate with each other, share information and user-generated content, play online games, listen to music, shop for deals and enjoy a wide range of other features and services. We had approximately 117 million activated users as of March 31, 2011. Our goal is to continue to lead and define the internet social networking industry in China. To achieve this goal, we are focused on providing a highly engaging and interactive platform that promotes connectivity, communication and sharing among our users.

We believe our users are attracted to our large and highly engaged real name community, the broad range of rich communication features and functions on our real name social networking internet platform, our information and content-sharing features, and our offering of a variety of online games and other applications and services. Our platform includes renren.com, our main social networking website, game.renren.com, our online games center, nuomi.com, our social commerce website, and jingwei.com, our newly launched professional and business social networking service website. Our renren.com website is one of the largest social networking websites in China as measured by monthly unique visitors in February 2011, based on data issued in March 2011 by iResearch.

The quality of our user experience is reflected in the continued growth of our user base and their high level of engagement and interactivity on our platform. From January 2011 through March 2011, we added an average of approximately two million new activated users per month. Our users' high level of engagement with our platform is reflected in the amount of time our users spend on our platform, as well as their interactions through it. For example, from January 2011 through March 2011, our unique log-in users spent a monthly average of approximately seven hours on our platform, and our users collectively produced a daily average of approximately 40 million pieces of user-generated content, including approximately three million photos and 13 million status updates.

Our market leadership stems from our track record of innovation and our pioneering role in China's social networking service industry. We believe many features and functions that we introduced to the China market have improved the quality of our user experience and have subsequently become standard throughout the industry. For example, we believe renren.com was the first major social networking website in China to offer services like our Renren Open Platform program and Renren Connect program. Our Renren Open Platform program allows users to access high quality applications from third-party developers through our open application programming interface. Our Renren Connect program allows our users to sign in and share information and content from over 600 Renren Connect partner websites. In addition, in order to meet Chinese users' needs and preferences for instant notification and real time communication, we created our Renren Desktop client application, which we believe is unique among major global social networking websites. This application provides real time news feed updates while also facilitating instant messaging among our users.

We believe a key driver of our long-term success is the continued rapid introduction of new services and features that can leverage our existing platform and large user base. For example, the size of our existing

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renren.com user base allowed us to launch and quickly expand our social commerce services on nuomi.com, whose first social commerce offer in June 2010 resulted in purchases of over 150,000 pairs of movie tickets for a single movie theater complex in Beijing. Over 60% of nuomi.com's users are renren.com users. Nuomi.com became a leading social commerce website in China for 2010 according to a report published in January 2011 by China e-Business Research Center. More recently, we launched jingwei.com, a professional and business social networking service website, to further leverage our existing user base.

We currently generate revenues from online advertising and internet value-added services, or IVAS. Our IVAS revenues are comprised of online games revenues and other IVAS revenues, which include revenues we earn from merchants who offer services and products on nuomi.com, paid applications on our Renren Open Platform program and VIP memberships. Our total net revenues increased from US\$13.8 million in 2008 to US\$46.7 million in 2009 and to US\$76.5 million in 2010, representing a compound annual growth rate, or CAGR of 135.7% from 2008 to 2010. We had net income from continuing operations of US\$51.9 million, a net loss from continuing operations of US\$68.3 million and a net loss from continuing operations of US\$61.2 million in 2008, 2009 and 2010, respectively. Our net income and net losses from our continuing operations reflect the aggregate impact of non-cash items relating to the change in fair value of our then outstanding series D warrants, share-based compensation, amortization of intangible assets and impairment of intangible assets of US\$71.2 million in income in 2008, US\$71.3 million in expenses in 2009 and US\$78.6 million in expenses in 2010. All outstanding warrants to purchase series D preferred shares were exercised in December 2010.

Immediately prior to the completion of this offering, our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A and Class B ordinary shares will have the same rights, including dividend rights, except that holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to ten votes per share, and Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. The ADSs being sold in this offering represent Class A ordinary shares. Immediately after the completion of this offering, Mr. Joseph Chen, our founder, chairman and chief executive officer, and SB Pan Pacific Corporation, one of our existing major shareholders, will hold 270,258,970 and 135,129,480 Class B ordinary shares, respectively, which, together with the Class A ordinary shares they respectively hold, will represent 56.0% and 33.6%, respectively, of our aggregate voting power, assuming (i) the underwriters do not exercise their over-allotment option to purchase additional ADSs, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus.

Due to PRC legal restrictions on foreign ownership and investment in value-added telecommunications services and advertising businesses in China, we operate our business primarily through Beijing Qianxiang Tiancheng Technology Development Co., Ltd., or Qianxiang Tiancheng, which is our consolidated affiliated entity in China, and its subsidiaries. We do not hold any equity interest in Qianxiang Tiancheng or its subsidiaries. However, through a series of contractual arrangements with Qianxiang Tiancheng and its shareholders, we effectively control, and are able to derive substantially all of the economic benefits from, Qianxiang Tiancheng and its subsidiaries.

Our Industry

Social networking internet services provide users with interactive platforms to share and consume various forms of media content. Earlier internet communities were based on anonymity, with users assuming aliases or virtual identities in their interactions with other users. However, we believe that as users have become more

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comfortable and trusting in their interactions with others over the internet, the real name model for social networking has become increasingly popular, both worldwide and, more recently, in China. By mirroring real life relationships, real name social networks provide benefits to users by facilitating personal communication and sharing among actual friends and to advertisers by facilitating word-of-mouth advertising among friends and offering targeted advertising based on user s preferences, personal traits and online activities. Social networking service providers can monetize their user base through multiple channels, including online advertising, online games, social commerce services and other IVAS.

In China, the popularity of social networking is driven by a massive addressable user base, the growing availability of internet access and favorable internet usage trends. China already has the largest internet user and mobile user populations in the world, and these user populations are forecasted to continue to grow rapidly. While social networking has already captured a considerable share of the time Chinese internet users spend online, there is still significant potential for future growth. Based on data issued in July 2010 by comScore Media Metrix, 38.4% of internet users in China engaged in online social networking as of April 2010, compared to 69.8% globally and 81.4% in the United States; and internet users in China spent 7.8% of their online time on social networking websites in April 2010, compared to 13.9% globally and 11.6% in the United States.

Our Competitive Strengths

We believe that the following strengths contribute to our success and differentiate us from our competitors:

largest real name social networking internet platform in China;

integrated platform consisting of multiple services and features;

highly engaged users;

rapid introduction of new features and services;

multiple established revenue sources;

large open platform that extends our reach; and

innovative and user-oriented culture.

Our Strategies

Our goal is to continue to lead and define the internet social networking industry in China. We intend to achieve our goal through implementing the following key strategies:

focusing on long-term success;

continually enhancing our user experience and engagement;

growing and broadening our user base;

leveraging our platform and brand to increase monetization;

growing mobile usage of our platform; and

pursuing strategic alliances and partnerships.

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Our Challenges

We expect to face risks and uncertainties related to our business and industry, including those relating to our ability to:

increase the size and level of engagement of our user base through innovation and provision of additional features, services and applications on our platform;

effectively respond to competition in all aspects of our business;

achieve and sustain operating profit, given our history of operating losses;

leverage our user base to expand into new services which we believe have synergies with our platform;

expand our nuomi.com social commerce services nationwide, which may result in significant financial losses to us;

increase our revenues from online advertising and IVAS;

capture and retain a significant portion of the growing number of users who accesses social networking and other internet services through mobile devices; and

maintain a strong brand image and avoid events that could cause negative publicity and harm our reputation.

In addition, we expect to face risks and uncertainties related to our corporate structure and doing business in China, including:

risks associated with our control over our consolidated affiliated entity and its subsidiaries, which is based on contractual arrangements rather than equity ownership; and

uncertainties associated with our compliance with applicable PRC regulations and policies, including those relating to our platform and our online games and social commerce services.

See **Risk Factors** and other information included in this prospectus for a discussion of these and other risks and uncertainties associated with our business and investing in our ADSs.

Corporate History and Structure

We began our operations in China in 2002 through Beijing Qianxiang Tiancheng Technology Development Co., Ltd., or Qianxiang Tiancheng, which has subsequently become one of our consolidated affiliated entities through the contractual arrangements described below. CIAC/ChinaInterActiveCorp, or CIAC, was incorporated in August 2005 in the Cayman Islands. CIAC wholly owns Qianxiang Shiji Technology Development (Beijing) Co., Ltd., or Qianxiang Shiji, a company established in Beijing, China. Qianxiang Shiji operates our business in China through a series of contractual arrangements it has entered into with our consolidated affiliated entities.

Our current holding company, Renren Inc., was incorporated in February 2006 in the Cayman Islands under our prior name, Oak Pacific Interactive, or OPI. Through a corporate restructuring, in March 2006, CIAC's shareholders exchanged all of their outstanding ordinary and

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preferred shares of CIAC for ordinary and preferred shares of OPI on a pro rata basis. As a result, OPI acquired all of the equity interests in CIAC and CIAC became a wholly owned subsidiary of OPI. In December 2010, we changed our corporate name from Oak Pacific Interactive to Renren Inc.

On March 25, 2011, we implemented a ten-for-one share split. Except as otherwise indicated, all information in this prospectus concerning share and per share data gives retroactive effect to the ten-for-one share split.

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PRC laws and regulations currently limit foreign ownership of companies that provide value-added telecommunications services. To comply with these restrictions, we conduct our operations in China principally through our consolidated affiliated entity, Qianxiang Tiancheng, which was established in China in October 2002, and its three wholly owned subsidiaries, namely (i) Beijing Qianxiang Wangjing Technology Development Co., Ltd., or Qianxiang Wangjing, (ii) Shanghai Qianxiang Changda Internet Information Technology Development Co., Ltd., or Qianxiang Changda, and (iii) Beijing Nuomi Wang Technology Development Co., Ltd., or Beijing Nuomi. Qianxiang Wangjing is the operator of our renren.com website and holds the licenses and permits necessary to conduct our real name social networking services, online advertising and online game business in China. Beijing Nuomi is the operator of our nuomi.com website and holds the licenses and permits necessary to conduct our social commerce services in China. Qianxiang Changda is an online advertising company that plans to apply for the licenses and permits necessary to conduct our online games and real name social networking services.

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The following diagram illustrates our anticipated shareholding, voting and corporate structure immediately after the completion of this offering, assuming (i) the underwriters do not exercise their over-allotment option to purchase additional ADSs, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus:

- (1) Consists of 270,258,970 Class B ordinary shares. Class B ordinary shares have the same rights as Class A ordinary shares except (i) in all matters subject to shareholder vote, Class B ordinary shares are entitled to ten votes whereas Class A ordinary shares are entitled to one vote, and (ii) conversion rights. For a description of Class A ordinary shares and Class B ordinary shares, see Description of Share Capital.

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- (2) Consists of 270,258,971 Class A ordinary shares and 135,129,480 Class B ordinary shares.
- (3) Qianxiang Tiancheng and its three wholly owned subsidiaries, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi, are our consolidated affiliated entities in China. Qianxiang Tiancheng is 99% owned by Ms. Jing Yang, who is the wife of Mr. Joseph Chen, our founder, chairman and chief executive officer, and 1% owned by Mr. James Jian Liu, our director and chief operating officer. We effectively control Qianxiang Tiancheng and its three subsidiaries through contractual arrangements. See Corporate History and Structure.

Our wholly owned PRC subsidiary Qianxiang Shiji has entered into a series of contractual arrangements with Qianxiang Tiancheng and its shareholders, which enable us to:

exercise effective control over Qianxiang Tiancheng and its subsidiaries through powers of attorney and business operations agreements;

receive substantially all of the economic benefits of Qianxiang Tiancheng and its subsidiaries in the form of service and license fees in consideration for the technical services provided, and the intellectual property rights licensed, by Qianxiang Shiji; and

have an exclusive option to purchase all of the equity interests in Qianxiang Tiancheng when and to the extent permitted under PRC laws.

We do not have equity interest in Qianxiang Tiancheng or its subsidiaries. However, as a result of these contractual arrangements, we are considered the primary beneficiary of Qianxiang Tiancheng and its subsidiaries and we treat them as our consolidated affiliated entities under generally accepted accounting principles in the United States, or U.S. GAAP. We have consolidated the financial results of these companies in our consolidated financial statements in accordance with U.S. GAAP. For a description of these contractual arrangements, see Corporate History and Structure. For a detailed description of the regulatory environment that necessitates the adoption of our corporate structure, see Regulation. For a detailed description of the risks associated with our corporate structure and the contractual arrangements that support our corporate structure, see Risk Factors Risks Related to Our Corporate Structure.

Corporate Information

Our principal executive offices are located at 23/F, Jing An Center, 8 North Third Ring Road East, Chao Yang District, Beijing, 100028, the People's Republic of China. Our telephone number at this address is +86 (10) 8448-1818. Our registered office in the Cayman Islands is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108 Cayman Islands. Our telephone number at this address is +1 (345) 949-4900. We also have offices in over 30 cities in China, including Shanghai, Guangzhou and Wuhan.

Investors should submit any inquiries to the address and telephone number of our principal executive offices set forth above. Our corporate website is www.renren-inc.com and the information contained on this website is not a part of this prospectus. Our agent for service of process in the United States is Law Debenture Corporate Services Inc.

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The following assumes that the underwriters will not exercise their over-allotment option to purchase additional ADSs in this offering, unless otherwise indicated.

ADSs offered by us	42,898,711 ADSs.
ADSs offered by the selling shareholders	10,201,289 ADSs.
Total ADSs offered	53,100,000 ADSs.
Price per ADS	We currently expect that the initial public offering price will be between US\$12.00 and US\$14.00 per ADS.
ADSs to Class A ordinary share ratio	Each ADS represents three Class A ordinary shares.
ADSs outstanding immediately after this offering	53,100,000 ADSs (or 61,065,000 ADSs, if the underwriters exercise in full their over-allotment option to purchase additional ADSs).
Concurrent Private Placements	Concurrently with, and subject to, the completion of this offering, a group of unrelated third-party investors consisting of entities affiliated with Alibaba Group, China Media Capital and CITIC Securities, respectively, all of which are non-US entities, have agreed to purchase from us, severally but not jointly, an aggregate of US\$110 million in Class A ordinary shares at a price per share equal to the initial public offering price adjusted to reflect the ADS-to-ordinary share ratio. Assuming an initial offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus, these investors will purchase a total of 25,384,612 Class A ordinary shares from us. Our proposed issuance and sale of Class A ordinary shares to these investors are being made through private placements pursuant to an exemption from registration with the U.S. Securities and Exchange Commission under Regulation S of the Securities Act. All of these investors have agreed with the underwriters not to, directly or indirectly, sell, transfer or dispose of any Class A ordinary shares acquired in the private placements for a period of 180 days after the date of this prospectus, subject to certain exceptions.
Ordinary shares outstanding immediately after this offering	1,177,602,715 shares, comprised of (i) 772,214,265 Class A ordinary shares (including 25,384,612 Class A ordinary shares we will issue in private placements concurrently with this offering, which number of shares has been calculated based on an initial offering price of

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US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus) and (ii) 405,388,450 Class B ordinary shares.

The ADSs

The depositary will hold the Class A ordinary shares underlying your ADSs and you will have rights as provided in the deposit agreement.

We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares, after deducting its fees and expenses.

You may turn in your ADSs to the depositary in exchange for Class A ordinary shares. The depositary will charge you fees for any exchange.

We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs, you agree to be bound by the deposit agreement as amended.

To better understand the terms of the ADSs, you should carefully read the Description of American Depositary Shares section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.

Ordinary shares

Immediately prior to the completion of this offering, our ordinary shares will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights, including dividend rights, except for voting and conversion rights. In respect of matters requiring shareholder approval, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance. Class B ordinary shares will automatically convert into the same number of Class A ordinary shares under certain circumstances. For a description of Class A ordinary shares and Class B ordinary shares, see Description of Share Capital.

Option to purchase additional ADSs

We have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an additional 7,965,000 ADSs to cover over-allotments.

Reserved ADSs

At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of 3,717,000 ADSs offered in this offering to some of our directors, officers, employees, business associates and related persons through a directed share program.

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Use of proceeds

We expect that we will receive net proceeds of approximately US\$628.8 million from this offering and the concurrent private placements, or US\$726.1 million if the underwriters exercise in full their over-allotment option to purchase additional ADSs, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, assuming an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus. We intend to use the net proceeds from this offering and the concurrent private placements as follows: (i) approximately US\$180 million for investing in our technology and research and development activities; (ii) approximately US\$180 million for expanding our sales and marketing activities; and (iii) the balance for other general corporate purposes, including potential strategic acquisitions and investments. See [Use of Proceeds](#) for more information.

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

NYSE symbol

RENN

Depository

Citibank, N.A.

Lock-up

We, our directors and executive officers, and our principal existing shareholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. In addition, we have instructed Citibank, N.A., as depository, not to accept any deposit of ordinary shares or issue any ADSs for 180 days after the date of this prospectus (other than in connection with this offering), unless we otherwise instruct the depository with the prior written consent of the representatives of the underwriters. See [Underwriting](#).

Risk factors

See [Risk Factors](#) and other information included in this prospectus for a discussion of risks you should carefully consider before investing in our ADSs.

The number of ordinary shares that will be outstanding immediately after this offering:

is based upon 1,023,521,970 ordinary shares outstanding as of the date of this prospectus, assuming the conversion of all outstanding preferred shares into 725,668,320 ordinary shares immediately upon the completion of this offering;

excludes 51,683,790 ordinary shares issuable upon the exercise of share options outstanding as of the date of this prospectus, at a weighted average exercise price of US\$0.61 per share;

includes 26,098,810 restricted ordinary shares (i.e. ordinary shares issued but unvested) as of the date of this prospectus; and

excludes 67,782,628 ordinary shares reserved for future issuances under our equity incentive plans.

Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

The following summary consolidated statement of operations data for the years ended December 31, 2008, 2009 and 2010 and the summary consolidated balance sheet data as of December 31, 2009 and 2010 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our balance sheet data as of December 31, 2008 has been derived from our audited financial statements not included elsewhere in this prospectus. You should read this summary consolidated financial data together with our consolidated financial statements and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

	Year ended December 31,		
	2008	2009	2010
	(in thousands of US\$, except for share, per share and per ADS data)		
Summary Consolidated Statement of Operations Data:			
Net revenues	\$ 13,782	\$ 46,684	\$76,535
Cost of revenues	5,667	10,379	16,624
Gross profit	8,115	36,305	59,911
Operating expenses⁽¹⁾:			
Selling and marketing	7,111	19,375	20,281
Research and development	4,921	12,937	23,699
General and administrative	4,045	6,510	7,511
Impairment of intangible assets		211	739
Total operating expenses	16,077	39,033	52,230
(Loss) gain from operations	(7,962)	(2,728)	7,681
Change in fair value of warrants	72,875	(68,184)	(74,364)
Exchange (loss) gain on dual currency deposit	(12,908)	1,673	3,781
Interest income	801	288	335
Realized gain on marketable securities		755	
Gain on disposal of cost of method investment			40
Impairment of cost method investment	(350)		
Income (loss) before provision for income tax and loss in equity method investment, net of income taxes	52,456	(68,196)	(62,527)
Income tax (expenses) benefit	(523)	31	1,332
Income (loss) before loss in equity method investment, net of income taxes	51,933	(68,165)	(61,195)
Losses in equity method investment, net of income taxes	(41)	(102)	
Income (loss) from continuing operations	51,892	(68,267)	(61,195)
Discontinued operations:			
Loss from discontinued operations, net of tax	(2,740)	(2,481)	(4,301)
Gain on disposal of discontinued operations, net of tax		633	1,341
Loss on discontinued operations, net of tax	(2,740)	(1,848)	(2,960)
Net income (loss)	49,152	(70,115)	(64,155)
Add: Net loss attributable to the noncontrolling interest	185		
Net income (loss) attributable to Renren Inc.	\$ 49,337	\$ (70,115)	\$(64,155)
Net income (loss) per share:			
Income (loss) from continuing operations per share attributable to Renren Inc. shareholders:			
Basic	\$ 0.00	\$ (0.34)	\$ (0.30)

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Diluted	\$ 0.00	\$ (0.34)	\$ (0.30)
Loss from discontinued operations per share attributable to Renren Inc. shareholders:			
Basic	\$ (0.01)	\$ (0.01)	\$ (0.01)
Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)
Net loss per share attributable to Renren Inc. shareholders:			
Basic	\$ (0.01)	\$ (0.35)	\$ (0.31)
Diluted	\$ (0.01)	\$ (0.35)	\$ (0.31)
Net loss per ADS ⁽²⁾ :			
Basic	\$ (0.02)	\$ (1.03)	\$ (0.94)
Diluted	\$ (0.02)	\$ (1.03)	\$ (0.94)
Weighted average number of shares used in calculating net income (loss) per ordinary share:			
Basic	247,587,070	250,730,367	244,613,530
Diluted	251,533,130	250,730,367	244,613,530

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- (1) Including share-based compensation expenses as set forth below:

	Year ended December 31,		
	2008	2009	2010
(in thousands of US\$)			
Allocation of Share-based Compensation Expenses:			
Selling and marketing	\$ 79	\$ 78	\$ 121
Research and development	176	232	572
General and administrative	977	1,946	2,105
Total share-based compensation expenses	\$ 1,232	\$ 2,256	\$ 2,798

- (2) Each ADS represents three Class A ordinary shares.

	2008	2009	As of December 31,		Pro forma as adjusted ⁽²⁾
			2010	Pro forma ⁽¹⁾	
(in thousands of US\$)					
Summary Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 51,424	\$ 90,376	\$ 136,063	\$ 136,063	\$ 764,875
Short-term investments	14,369	36,369	62,318	62,318	62,318
Accounts receivable, net	5,991	14,362	12,815	12,815	12,815
Warrants-asset	63,710				
Total current assets	138,011	147,409	437,519	437,519	1,066,331
Total assets	165,244	179,122	456,474	456,474	1,085,286
Warrants-liability		21,481			
Total current liabilities	9,640	40,769	25,391	25,391	25,391
Total liabilities	10,881	41,706	25,907	25,907	25,907
Series C convertible redeemable preferred shares	36,764	28,520	28,520		
Series D convertible redeemable preferred shares	130,000	193,398	571,439		
Total equity (deficit)	\$ (12,401)	\$ (84,502)	\$ (169,392)	\$ 430,567	\$ 1,059,379

Notes:

- (1) Our consolidated balance sheet data as of December 31, 2010 on a pro forma basis reflects (i) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares immediately prior to the completion of this offering and (ii) the redesignation of our ordinary shares into Class A ordinary shares and Class B ordinary shares immediately prior to the completion of this offering.
- (2) Our consolidated balance sheet data as of December 31, 2010 on a pro forma as adjusted basis reflects (a) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares upon the closing of this offering; (b) the net proceeds we will receive in this offering, and (c) the net proceeds we will receive from our issuance and sale of Class A ordinary shares to a group of third-party investors through concurrent private placements, in each of (b) and (c) above, assuming an initial offering price of US\$13.00 per ADS (equivalent to US\$4.33 per Class A ordinary share), the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus.

Non-GAAP Financial Measure

To supplement income (loss) from continuing operations presented in accordance with U.S. GAAP, we use adjusted net income (loss) as a non-GAAP financial measure. We define adjusted net income (loss) as income (loss) from continuing operations excluding share-based compensation expenses, change in fair value of warrants, amortization of intangible assets and impairment of intangible assets. We present this non-GAAP financial measure because it is used by our management to evaluate our operating performance, in addition to income (loss) from continuing operations prepared in accordance with U.S. GAAP. We also believe it is useful supplemental information for investors and analysts to assess our operating performance without the effect of

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non-cash share-based compensation expenses, change in fair value of warrants, amortization of intangible assets and impairment of intangible assets. Pursuant to U.S. GAAP, we recognized the change in fair value of the then outstanding series D warrants in the statement of operations for the periods presented. All outstanding warrants to purchase series D preferred shares were exercised in December 2010.

The use of adjusted net income (loss) has material limitations as an analytical tool. One of the limitations of using this non-GAAP financial measure is that it does not include share-based compensation expenses, which have been and will continue to be significant recurring factors in our business. In addition, although amortization is a non-cash charge, the assets being amortized often will have to be replaced in the future, and adjusted net income (loss) does not reflect any cash requirements for such replacements. Furthermore, because adjusted net income (loss) is not calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies. In light of the foregoing limitations, you should not consider adjusted net income (loss) as a substitute for or superior to income (loss) from continuing operations prepared in accordance with U.S. GAAP. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The following table sets forth the calculation of our adjusted net income (loss), which is determined by adding back to our income (loss) from continuing operations presented in accordance with U.S. GAAP (i) share-based compensation expenses, (ii) change in fair value of warrants, (iii) amortization of intangible assets and (iv) impairment of intangible assets.

	2008	Year ended December 31, 2009 (in thousands of US\$)	2010
Income (loss) from continuing operations	\$ 51,892	\$ (68,267)	\$ (61,195)
Add back: share-based compensation expenses	1,232	2,256	2,798
Add back: change in fair value of warrants	(72,875)	68,184	74,364
Add back: amortization of intangible assets	412	608	673
Add back: impairment of intangible assets		211	739
Adjusted net income/(loss)	\$ (19,339)	\$ 2,992	\$ 17,379

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RISK FACTORS

An investment in our ADSs involves significant risks. You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

If we fail to continuously anticipate user preferences and provide attractive services and applications on our platform, we may not be able to increase the size and level of engagement of our user base.

Our success depends on our ability to grow our user base and keep our users highly engaged on our platform, which we refer to as our SNS platform. In order to attract and retain users and compete against our direct competitors and other channels for communication, sharing and entertainment over the internet, we must continue to innovate and introduce services and applications that our users find enjoyable and cause them to return to our SNS platform more frequently and for longer durations. For example, we must continue to develop new functions and features on our SNS platform that appeal to users, develop or acquire licenses to popular online games, and offer social commerce deals that are attractive to our users. The popularity of social networking websites, online games, social commerce and other internet services is difficult to predict, and we cannot be certain that the services we offer will continue to be popular with our users or sufficiently successful to offset the costs incurred to offer these services. Given that we operate in the emerging and rapidly evolving social networking industry in China, we need to continuously anticipate user preferences and industry changes and respond to such changes in a timely and effective manner. If we fail to anticipate and meet the needs of our users, the size and engagement level of our user base may decrease. Furthermore, because of the viral nature of social networking, users may leave our website for competitor websites more quickly than in other online sectors, despite the fact that it would be time-consuming for them to restart the process of establishing connections with friends and post photos and other content on another website. A decrease in the number of our users would render our platform less attractive to advertisers and users and may decrease our advertising and IVAS revenues, which may have a material and adverse effect on our business, financial condition and results of operations.

In addition, we believe the new services we may pursue will depend upon our ability to maintain and increase the user base for our SNS platform, the level of user engagement on our platform and the stickiness of our platform. For example, over 60% of the users of our nuomi.com social commerce website are users of renren.com. Similarly, revenues from our online games depend on the continued success of our SNS platform, as many of our game players access our games from renren.com. If we are unable to maintain or increase the size and level of engagement of our user base for our SNS platform, the performance of our new services may be materially and adversely affected.

We face significant competition in almost every aspect of our business. If we fail to compete effectively, we may lose users to competitors, which could materially and adversely affect our ability to maintain and increase revenues from online advertising and IVAS.

We face significant competition in almost every aspect of our business, particularly from companies that provide social networking, internet communication, online games, search functions and/or other products and services, such as Tencent, Inc., kaixin001.com and SINA Corporation. We also compete for online advertising revenues with other websites that sell online advertising services in China. In addition, we indirectly compete for advertising budgets with traditional advertising media in China, such as television and radio stations, newspapers and magazines, and major out-of-home media. Some of our competitors may have longer operating histories and significantly greater financial, technical and marketing resources than we do, and in turn may have an advantage in attracting and retaining users and advertisers. In addition, some of our competitors have significantly larger

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user bases and more established brand names and may be able to effectively leverage their user bases and brand names to provide integrated internet communication, online games, social networking and other products and services, and increase their respective market shares.

We may also face potential competition from global social networking service providers that seek to enter the China market. We believe that PRC social networking websites, including us, are likely to have a competitive advantage over international competitors entering the China market, as these companies, so far, are likely to lack operational infrastructure in China and content localization experience, and the websites of some global social networking service providers, such as Facebook, are currently not accessible in the PRC. We cannot assure you, however, that this competitive advantage will continue to exist, particularly if international competitors such as Facebook form alliances with or acquire PRC domestic internet companies, or otherwise enter the China market.

Our social commerce services face intense competition from the rapidly growing number of social commerce service providers in China, including lashou.com, meituan.com and dianping.com. Leading international social commerce service providers, such as Groupon, Inc., are also expanding into the China market. In addition, some other leading Chinese internet companies have announced the launch of social commerce offerings. The social commerce industry in China has become extremely competitive, and some of our competitors are adopting aggressive measures to increase their market share. We may not be able to compete effectively to maintain or increase our market share.

If we are not able to effectively compete, our user base and level of user engagement may decrease, which could make us less attractive to advertisers and materially and adversely affect our ability to maintain and increase revenues from online advertising, and which may also reduce the number of paying users that purchase our IVAS. Similarly, we may be required to spend additional resources to further increase our brand recognition and promote our services in order to compete effectively, especially with respect to marketing of our social commerce and other new services to capture market share, which could adversely affect our profitability. Furthermore, if we are involved in disputes with any of our competitors that result in negative publicity regarding our services, such disputes, regardless of their veracity or outcome, may harm our brand image and in turn result in a decreased number of users. In addition, any legal proceedings or measures we take in response to such disputes may be expensive, time-consuming and disruptive to our operations and divert our management's attention.

If we do not successfully expand into new services for our platform, our future results of operations and growth prospects may be materially and adversely affected.

The core of our business has been providing a real name SNS platform and deriving advertising revenues from advertisements displayed on our platform. In recent years, in an effort to meet the expanding needs of our users while diversifying our revenue sources, we have leveraged our large and growing user base to launch new services which we believe have synergies with our SNS platform, such as online games, social commerce and our newly launched professional and business social networking service website. However, the social commerce business model is new and unproven and the online games industry may not grow at the same rate as in the past. Furthermore, expansions into new services may present operating and marketing challenges that are different from those that we currently encounter. For each new service we offer, we face competition from many large and established market participants, and in the case of social commerce service, from many other players who are investing significantly in this business. If we cannot successfully address the new challenges and compete effectively in our new services, we may not be able to develop a sufficiently large user base, recover costs incurred for developing and marketing new services, or achieve profitability from these services, and our future results of operations and growth prospects may be materially and adversely affected.

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Our social commerce services entail many aspects that are not a part of our other services and with which we have little or no experience.

Our social commerce services require us to engage in activities that have not been a substantial part of our other services, and with which we have little or no experience. For example, in order to arrange high quality social commerce deals for each day in each location covered by nuomi.com, we have introduced local sales teams, who work directly with local merchants or event organizers seeking to target users in a specific city or region, and we may not be able to effectively manage these local sales teams. If we fail to perform in these aspects of our social commerce services with which we have little or no experience, our social commerce services and its prospects may be materially and adversely affected.

We plan to invest significantly in the nationwide expansion of our social commerce services and we may not be successful in this new endeavor, which could adversely affect our results of operations and financial condition.

Since June 2010, we have provided social commerce services through nuomi.com. We plan to invest significantly in the nationwide expansion of our social commerce services. As a result of the short history of the social commerce industry in China, its potentially volatile growth, and the various measures being implemented by social commerce service providers attempting to establish themselves in the industry, our ability to successfully implement our nationwide expansion strategy is subject to various risks and uncertainties, including:

our ability to compete effectively with the increasing number of social commerce service providers;

the significant investments required to promote and improve our services to users;

the significant investments required to market and demonstrate the value of our social commerce services to merchants;

our ability to maintain our reputation and brand in the social commerce service industry; and

uncertainties regarding the evolution of the PRC laws and regulations applicable to the social commerce industry, including with respect to business tax obligations.

If we are unable to manage these risks and successfully implement our expansion plans, our future results of operations and financial condition may be adversely affected.

The business opportunities for SNS, online games, social commerce and other internet services in China are continuously evolving and may not grow as quickly as expected, in ways that are consistent with other markets, or at all.

Our business and prospects depend on the continuous development of emerging internet business models in China, including those for social networking, online games and social commerce. Our main internet services have distinct business models which may differ from models for these businesses in other markets, such as the United States, and that are in varying stages of development and monetization. We cannot assure you that the social networking, online games and social commerce industries in China will continue to grow as rapidly as they have in the past, in ways that are consistent with other markets, or at all. With the development of technology, new internet services may emerge which are not a part of our service offerings and which may render social networking services, online games or social commerce less attractive to users. The growth and development of the social networking, online games and social commerce industries is affected by numerous factors, such as the macroeconomic environment, regulatory changes, technological innovations, development of internet and internet-based services, users' general online experience, cultural influences and changes in tastes and preferences. If the social networking, online games and social commerce industries in China do not grow as quickly as expected or at all, or if we fail to benefit from such growth by successfully implementing our business strategies, our business and prospects may be adversely affected.

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If we fail to keep up with the technological developments and users' changing requirements, our business and prospects may be materially and adversely affected.

The social networking, online games and social commerce industries are subject to rapid and continuous changes in technology, user preferences, the nature of services offered and business models. Our success will depend on our ability to keep up with the changes in technology and user behavior resulting from technological developments. If we do not adapt our services to such changes in an effective and timely manner, we may suffer from decreased user traffic, which may result in a reduced number of advertisers for our online advertising services or a decrease in their advertising spending. Furthermore, changes in technologies may require substantial capital expenditures in product development as well as in modification of products, services or infrastructure. We may not successfully execute our business strategies due to a variety of reasons such as technical hurdles, misunderstanding or erroneous prediction of market demand or lack of necessary resources. Failure in keeping up with technological development may result in our platform being less attractive, which in turn, may materially and adversely affect our business and prospects.

We have experienced net losses in the past, and you should consider our prospects in light of the risks and uncertainties fast-growing companies in evolving industries with limited operating histories, such as ours, may be exposed to or encounter.

We had net income from continuing operations of US\$51.9 million, a net loss from continuing operations of US\$68.3 million and a net loss from continuing operations of US\$61.2 million in 2008, 2009 and 2010, respectively. Our net income and net losses from our continuing operations reflect the aggregate impact of non-cash items relating to the change in fair value of our then outstanding series D warrants, share-based compensation, amortization of intangible assets and impairment of intangible assets of US\$71.2 million in income in 2008, US\$71.3 million in expenses in 2009 and US\$78.6 million in expenses in 2010. All outstanding warrants to purchase series D preferred shares were exercised in December 2010. In addition to the aggregate impact of these non-cash items, our results of operations for the past three years were affected by costs and expenses required to build, operate and expand our SNS platform, grow our user base, promote our Renren brand, develop our own products and services, license third-party products and applications, and make strategic investments. We expect that we will continue to incur research and development, marketing and other costs to launch new services and grow our user and advertiser bases.

Our ability to achieve profitability is affected by various factors, some of which are beyond our control. For example, our revenues and profitability depend on the continuous development of the online advertising industry in China and advertisers' allocation of more of their budgets to SNS websites. We cannot assure you that online advertising will become more widely accepted in China or that advertisers will increase their spending on SNS websites. In addition, the success of our online games depends on our ability to internally develop or license from third parties games that are attractive to our user base. Furthermore, the success of our social commerce services depends on our ability to maintain and grow our user and merchant base while earning commissions from merchants that offer attractive discounts to the users of our nuomi.com website, and as competition in China's social commerce intensifies, we may choose to invest heavily in our nuomi.com services to gain market share, which may result in substantial losses for us. We may continue to incur net losses in the future and you should consider our future prospects in light of the risks and uncertainties experienced by early stage companies in evolving industries such as the SNS, online games and social commerce industries in China.

We rely on online advertising for a substantial proportion of our revenues. If the online advertising industry in China or advertisers' willingness to advertise on our SNS platform grow slower than expected, our revenues, profitability and prospects may be materially and adversely affected.

In 2008, 2009 and 2010, online advertising accounted for 49.2%, 39.4% and 41.8%, respectively, of our total net revenues. Consequently, our profitability and prospects depend on the continuous development of the online advertising industry and advertisers' allocation of an increasing portion of their budgets to social

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networking websites in China. However, the internet penetration rate in China is relatively low as compared to most developed countries, and many advertisers in China have limited experience with online advertising and have historically allocated a small portion of their advertising budgets to online advertising. Advertising on social networking websites is an even newer marketing channel in China, and those companies which are willing to begin advertising online may decide to utilize more established methods or channels for online advertising, such as the more established Chinese internet portals or search engines. Advertisers' willingness to advertise on our SNS platform may be affected by a number of factors, some of which are beyond our control, including:

our ability to develop a larger and more engaged user base for our SNS platform with demographic characteristics that are more attractive to advertisers;

acceptance of advertising online in general and SNS platforms in particular as an effective marketing channel;

our development of tailored advertising solutions to meet advertisers' needs; and

changes in government regulations or policies affecting the online advertising industry or the social networking industry in China. We also may be unable to respond adequately to changing trends in online advertising or advertiser demands or preferences or keep up with technological innovation and improvements in the measurement of user traffic and online advertising. If the online advertising market size does not increase from current levels or we are unable to capture and retain a sufficient share of that market, our ability to maintain or increase our current level of online advertising revenues, and our profitability and prospects could be materially and adversely affected.

If we are unable to successfully capture and retain a significant portion of the growing number of users that accesses social networking and other internet services through mobile devices, we may lose users, which may have a material adverse effect on our business, financial condition and results of operations.

Our real name SNS platform is now accessible to users from any internet-enabled device, and we offer versions of our services and client applications that have been optimized for mobile device operating systems, including for iPhone, Android and Symbian. An important element of our strategy is to continue to develop new mobile applications to capture a greater share of the growing number of users that access social networking, online games, social commerce and other internet services through smart phones and other mobile devices. The lower resolution, functionality, and memory associated with some mobile devices make the use of our products and services through such devices more difficult and the versions of our products and services we develop for these devices may fail to prove compelling to users, manufacturers or distributors of alternative devices. Manufacturers or distributors may establish unique technical standards for their devices, and our products and services may not work or be viewable on these devices as a result. As new devices and new platforms are continually being released, it is difficult to predict the problems we may encounter in developing versions of our products and services for use on these devices and we may need to devote significant resources to the creation, support, and maintenance of such services. Furthermore, new social networking services may emerge which are specifically created to function on mobile platforms, as compared to our SNS platform that was originally designed to be accessed through personal computers, or PCs, and such new services may operate more effectively through mobile devices than our own. If we are unable to attract and retain a substantial number of mobile device users to our products and services, or if we are slower than our competitors in developing attractive services that are adapted for such devices, we may fail to capture a significant share of an increasingly important portion of the market for our services or lose existing users, either of which may have a material adverse effect on our business, financial condition and results of operations.

If we fail to maintain and enhance our Renren, Nuomi and other brands, or if we incur excessive expenses in this effort, our business, results of operations and prospects may be materially and adversely affected.

We believe that maintaining and enhancing our Renren, Nuomi and other brands is of significant importance to the success of our business. Well-recognized brands are critical to increasing the number and the level of

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engagement of our users and, in turn, enhancing our attractiveness to advertisers. Since we operate in a highly competitive market, maintaining and enhancing our brands directly affects our ability to maintain our market position.

Historically, with our large and growing user base, our broad range of rich communication features and functions, our information and content-sharing features, and our portfolio of online games and other services and applications, we have developed our reputation and established our leading market position in the social networking industry in China by providing our users with a superior online experience. As a company with a limited operating history in our current business, we have conducted and may continue to conduct various marketing and brand promotion activities, both through cooperation with our business partners and through more traditional methods, such as television advertisements. We cannot assure you, however, that these activities will be successful or that we will be able to achieve the brand promotion effect we expect. In addition, any negative publicity in relation to our services or products, regardless of its veracity, could harm our brands and the perception of our brands in the market.

We have received in the past and expect to continue to receive complaints from users, including users of our nuomi.com website regarding the quality or availability of the products, services and events offered on nuomi.com by the various merchants with whom we contract. The responsibility to users for the quality and availability of products, services and events offered on nuomi.com is borne by the merchants, not by us. However, regardless of which party bears such legal responsibility, if our users' complaints are not addressed to their satisfaction, our reputation and our market position could be significantly harmed, which may materially and adversely affect our business and prospects.

We may not be able to manage our expansion effectively.

We have experienced rapid growth in our business in recent years. The number of renren.com's activated users increased from approximately 33 million as of December 31, 2008 to approximately 110 million as of December 31, 2010, and our monthly unique log-in users increased from approximately 17 million in December 2008 to approximately 26 million in December 2010. In March 2011, we had approximately 31 million monthly unique log-in users. In addition, the number of our employees grew rapidly from 791 as of December 31, 2008 to 1,570 as of December 31, 2010. We expect to continue to grow our user base and our business operations. Our rapid expansion may expose us to new challenges and risks. To manage the further expansion of our business and the expected growth of our operations and the number of our research and development, sales and other personnel, we need to continuously expand and enhance our infrastructure and technology, and improve our operational and financial systems, procedures and controls. We also need to train, manage and motivate our growing employee base. In addition, we need to maintain and expand our relationships with advertisers, advertising agencies, Renren Connect partner websites, third-party developers of online games and applications offered on our platform, merchants for our nuomi.com services and other third parties. We cannot assure you that our current and planned personnel, infrastructure, systems, procedures and controls will be adequate to support our expanding operations. If we fail to manage our expansions effectively, our business, results of operations and prospects may be materially and adversely affected.

Content posted or displayed on our websites may be found objectionable by PRC regulatory authorities and may subject us to penalties and other severe consequences.

The PRC government has adopted regulations governing internet access and the distribution of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent or defamatory. Furthermore, internet content providers are also prohibited from displaying content that may be deemed by relevant government authorities as socially destabilizing or leaking state secrets of the PRC. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other

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licenses, the closure of the concerned websites and reputational harm. The website operator may also be held liable for such censored information displayed on or linked to their website. For a detailed discussion, see Regulation Regulations on Value-Added Telecommunications Services, Regulation Regulations on Internet Content Services and Regulation Regulations on Information Security and Censorship.

Through our SNS platform, we allow users to upload written materials, images, pictures and other content on our platform, including via message boards, blogs, email, chat rooms, or image-sharing webpages, and also allow users to share, link to and otherwise access audio, video and other content from other websites through our platform, including through hypertext links, news feeds, Renren Like, Renren Share and our Renren Connect program. In addition, we allow users to download, share and otherwise access games and other applications on and through our platform, including through our online games center and Renren Open Platform program. For a description of how content can be accessed on or through our SNS platform, and what measures we take to lessen the likelihood that we will be held liable for the nature of such content, see

Business Technology and Infrastructure Anti-spamming and other filtering systems and Risks Related to Our Business and Industry We have been and may continue to be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our websites, or distributed to our users, which may materially and adversely affect our business, financial condition and prospects.

Failure to identify and prevent illegal or inappropriate content from being displayed on or through our websites may subject us to liability. In addition, these laws and regulations are subject to interpretation by the relevant authorities, and it may not be possible to determine in all cases the types of content that could result in our liability as a website operator. To the extent that PRC regulatory authorities find any content displayed on or through our websites objectionable, they may require us to limit or eliminate the dissemination or availability of such content on our websites in the form of take-down orders or otherwise. Such regulatory authorities may also impose penalties on us based on content displayed or made available through our websites in cases of material violations, including a revocation of our operating licenses or a suspension or shutdown of our online operations, which would materially and adversely affect our business, results of operations and reputation. Moreover, the costs of compliance with these regulations may continue to increase as a result of more content being uploaded or made available by an increasing number of users and third-party partners and developers.

Concerns about collection and use of personal data could damage our reputation and deter current and potential users from using our services.

Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related matters, even if unfounded, could damage our reputation and operating results. As of March 31, 2011, our platform had accumulated a total of approximately 2.9 billion photos, 249 million blogs and 20.8 billion comments or reviews. We apply strict management and protection to any information provided by users, and under our privacy policy, without our users' prior consent, we will not provide any of our users' personal information to any unrelated third party. While we strive to comply with our privacy guidelines as well as all applicable data protection laws and regulations, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or others, and could damage our reputation. User and regulatory attitudes towards privacy are evolving, and future regulatory or user concerns about the extent to which personal information is shared with advertisers, IVAS providers or others may adversely affect our ability to share certain data with advertisers, which may limit certain methods of targeted advertising. Concerns about the security of personal data could also lead to a decline in general internet usage, which could lead to lower user traffic on our platform. A significant reduction in user traffic could lead to lower advertising revenues or lower IVAS revenues, which could have a material adverse effect on our business, financial condition and results of operations.

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We could be liable for any breach of security relating to our payment platforms or the third-party online payment platforms we use, and concerns about the security of internet transactions could damage our reputation, deter current and potential users from using our platform and have other adverse consequences to our business.

Currently, we directly sell a substantial portion of our virtual currency and other paid services and applications to our users and game players through third-party online payment platforms using the internet or mobile networks. In all these online payment transactions, secured transmission of confidential information, such as customers' credit card numbers and expiration dates, personal information and billing addresses, over public networks is essential to maintain consumer confidence. In addition, we expect that an increasing amount of our sales will be conducted over the internet as a result of the growing use of online payment systems. As a result, associated online crimes will likely increase as well. Our current security measures and those of the third parties with whom we transact business may not be adequate. We must be prepared to increase and enhance our security measures and efforts so that our users and game players have confidence in the reliability of the online payment systems that we use, which will impose additional costs and expenses and may still not guarantee complete safety. In addition, we do not have control over the security measures of our third-party online payment vendors. Security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential customer information and could, among other things, damage our reputation and the perceived security of the online payment systems that we use.

A significant barrier to financial transactions or other electronic payment processing platforms over the internet in general has been public concern over the security of online payments. If these concerns are not adequately addressed, they may inhibit the growth of paid online services generally. In 2010, 58.2% of our total net revenues were derived from IVAS, which users purchase using bank cards, SMS and mobile payment and other payment methods, and we plan to increase this percentage in the future. If a well-publicized internet or mobile network breach of security were to occur, the perceived security of the online payment systems may be damaged, and users concerned about the security of their transactions may become reluctant to purchase our IVAS even if the publicized breach did not involve payment platforms or methods used by us.

If any of the above were to occur and damage our reputation or the perceived security of the online payment systems that we use, we may lose users and user traffic, and users may be discouraged from purchasing our IVAS, which may have an adverse effect on our business. Any significant reduction in user traffic could lead to lower advertising revenues or lower IVAS revenues.

Spammers and malicious applications may make our services less user-friendly, and distort the data used for advertising purposes, which could reduce our ability to attract advertisers.

Spammers use our platform and services to send targeted and untargeted spam messages to users, which may embarrass or annoy users and make usage of our services and networks more time-consuming and less user-friendly. As a result, our users may use our services less or stop using them altogether. As part of fraudulent spamming activities, spammers typically create multiple user accounts, such as accounts being set-up for the purposes of sending spam messages. Although we have technologies and employees that attempt to identify and delete accounts created for spamming purposes, we are not able to eliminate all spam messages from being sent on our platform.

In addition, we have limited ability to validate or confirm the accuracy of information provided during the user registration process. Inaccurate data with respect to the number of unique individuals registered and actively using our services may cause advertisers to reduce the amount spent on advertising through our websites. In addition, use of applications that permit users to block advertisements may become widespread, which could make online advertising less attractive to advertisers. Any such activities could have a material adverse effect on our business, financial condition and results of operations.

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Advertisements shown on our websites may subject us to penalties and other administrative actions.

Under PRC advertising laws and regulations, we are obligated to monitor the advertising content shown on our websites to ensure that such content is true and accurate and in full compliance with applicable laws and regulations. In addition, where a special government review is required for specific types of advertisements prior to website posting, such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals, we are obligated to confirm that such review has been performed and approval has been obtained. Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our advertising income, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations by us, PRC governmental authorities may force us to terminate our advertising operations or revoke our licenses.

As the social commerce service industry is at an early stage of development in China, it is unclear whether these PRC advertising laws and regulations or similar laws or regulations apply or will apply to our social commerce services.

While significant efforts have been made to ensure that the advertisements shown on our websites are in full compliance with applicable PRC laws and regulations, we cannot assure you that all the content contained in such advertisements or offers is true and accurate as required by the advertising laws and regulations, especially given the uncertainty in the interpretation of these PRC laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties and our reputation may be harmed, which may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Online communications among our users may lead to personal conflicts, which could damage our reputation, lead to government investigation and have a material and adverse effect on our business.

Our users engage in highly personalized exchanges over our platform. Users who have met online through our services may become involved in emotionally charged situations and could suffer adverse moral, emotional or physical consequences. Such occurrences could be highly publicized and have a significant negative impact on our reputation. Government authorities may require us to discontinue or restrict those services that would have led, or may lead, to such events. As a result, our business may suffer and our user base, revenues and profitability may be materially and adversely affected.

We rely on third parties to provide a number of important services in connection with our business, and any disruption to the provision of these services to us could materially and adversely affect our business and results of operations.

Our business is to a significant extent dependent upon services provided by third parties and relationships with third parties. Substantially all of our online advertising revenues are generated through agreements entered into with various third-party advertising agencies, and we rely on these agencies for sales to, and collection of payment from, our advertisers. We do not have long-term cooperation agreements or exclusive arrangements with these agencies and they may elect to direct business opportunities to other advertising service providers, including our competitors. If we fail to retain and enhance the business relationships with these third-party advertising agencies, we may suffer from a loss of advertisers and our business, financial condition and results of operations may be materially and adversely affected.

In addition, a significant portion of our IVAS revenues are generated from online games and applications developed by third parties, and if we are unable to obtain or renew licenses to such games or attract application developers to our platform, we could be required to devote greater resources and time to develop attractive games and applications on our own or license new games and applications from other parties.

If the third parties on which we rely fail to provide their services effectively, terminate their service or license agreements or discontinue their relationships with us, we could suffer service interruptions, reduced

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revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations. Certain third-party service providers could be difficult and costly to replace, and any disruption to the provision of these services to us may have a material adverse effect on our business, financial condition and results of operations.

Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our websites. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

Problems with our network infrastructure or information technology systems could impair our ability to provide services.

Our ability to provide our users with a high quality online experience depends on the continuing operation and scalability of our network infrastructure and information technology systems. The risks we face in this area include:

our systems are potentially vulnerable to damage or interruption as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses, hacking and similar events;

we may encounter problems when upgrading our systems or services and undetected programming errors could adversely affect the performance of the software we use to provide our services. The development and implementation of software upgrades and other improvements to our internet services is a complex process, and issues not identified during pre-launch testing of new services may only become evident when such services are made available to our entire user base; and

we rely on servers, data centers and other network facilities provided by third parties, and the limited availability of third-party providers with sufficient capacity to house additional network facilities and broadband capacity in China may lead to higher costs or limit our ability to offer certain services or expand our business. In particular, electricity, temperature control or other failures at the data centers we use may adversely affect the operation of our servers or result in service interruptions or data loss.

These and other events have led and may in the future lead to interruptions, decreases in connection speed, degradation of our services or the permanent loss of user data and uploaded content. If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party service providers, our reputation or relationships with our users or advertisers may be damaged and our users and advertisers may switch to our competitors, which may have a material adverse effect on our business, financial condition and results of operations.

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We have been and may continue to be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our websites, or distributed to our users, which may materially and adversely affect our business, financial condition and prospects.

Internet, technology and media companies are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, are uncertain and still evolving. As we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims.

We allow users to upload written materials, images, pictures and other content on our platform and download, share, link to and otherwise access games and applications (some of which are developed by third parties) as well as audio, video and other content either on our platform or from other websites through our platform. We have procedures designed to reduce the likelihood that content might be used without proper licenses or third-party consents. See [Business Technology and Infrastructure Anti-spamming and other filtering systems](#). However, these procedures may not be effective in preventing the unauthorized posting of copyrighted content.

With respect to games and applications developed by third parties, we have procedures designed to reduce the likelihood of infringement. However, such procedures might not be effective in preventing third-party games and applications from infringing other parties' rights. We have and may continue to face liability for copyright or trademark infringement, defamation, unfair competition, libel, negligence, and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through our services or published on our websites. See [Regulation Regulations on Intellectual Property Rights](#).

Intellectual property claims and litigation are expensive and time-consuming to investigate and defend, and may divert resources and management attention from the operation of our business. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our websites to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

We may be subject to patent infringement claims with respect to our SNS platform.

Our technologies and business methods, including those relating to our SNS platform, may be subject to third-party claims or rights that limit or prevent their use. Certain U.S.-based companies have been granted patents in the United States relating to SNS platforms and similar business methods and related technologies. While we believe that we are not subject to U.S. patent laws since we conduct our business operations outside of the United States, we cannot assure you that U.S. patent laws would not be applicable to our business operations, or that holders of patents relating to a SNS platform would not seek to enforce such patents against us in the United States or China. For example, we are aware that Facebook applied for a number of patents relating to its social networking system and methodologies, platform and other related technologies. In addition, many parties are actively developing and seeking protection for internet-related technologies, including seeking patent protection in China. There may be patents issued or pending that are held by others that relate to certain aspects of our technologies, products, business methods or services. Although we do not believe we infringe third-party patents, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and involve uncertainty. Any patent infringement claims, regardless of their merits, could be time-consuming and costly to us. If we were sued for patent infringement claims with respect to our SNS platform and were found to infringe such patents and were not able to adopt non-infringing technologies, we may be severely limited in our ability to operate our SNS platform, which would have a material adverse effect on our results of operations and prospects.

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Our own intellectual property rights may be infringed, which could materially and adversely affect our business and results of operations.

We rely on a combination of monitoring and enforcement of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and procedures, to protect our intellectual property rights. Despite our precautions, third parties may obtain and use without our authorization our intellectual property, which includes trademarks related to our brands, products and services, patent applications, registered domain names, copyrights in software and creative content, trade secrets and other intellectual property rights and licenses. Historically, the legal system and courts of the PRC have not protected intellectual property rights to the same extent as the legal system and courts of the United States, and companies operating in the PRC continue to face an increased risk of intellectual property infringement. Furthermore, the validity, application, enforceability and scope of protection of intellectual property rights for many internet-related activities, such as internet commercial methods patents, are uncertain and still evolving in China and abroad, which may make it more difficult for us to protect our intellectual property, and could have a material adverse effect on our business, financial condition and results of operations. For example, other companies have in the past copied the concepts, the look and feel and even material parts of the online games that we have developed. In such instances, we have filed and may in the future from time to time file lawsuits for copyright infringement.

If we are unable to successfully develop and source new online games, our business prospects, financial condition and results of operations may be materially and adversely affected.

We have a diverse and attractive portfolio of games that have synergies with our renren.com user base. Our net revenues from online games accounted for 45.5%, 50.5% and 45.0% of our total net revenues in 2008, 2009 and 2010, respectively. As a result, we must continue to develop and source new online games that appeal to our game players. We develop and source new online games through our multi-channel strategy, including in-house development, licensing games from third parties and our Renren Open Platform program. Our ability to develop successful new online games in-house will largely depend on our ability to (i) anticipate and effectively respond to changing game player interests and preferences and technological advances in a timely manner, (ii) attract, retain and motivate talented online game development personnel and (iii) execute effectively our online game development plans. In-house development requires a substantial initial investment prior to the launch of a game, as well as a significant commitment of future resources to produce updates and expansion packs.

We license many of our online games, including some of our most popular games, from third parties. We must maintain good relationships with our licensors to continue to source new games with reasonable revenue-sharing terms and ensure the continued smooth operation of our licensed games. Additionally, we depend upon our licensors to provide technical support necessary for the operation of the licensed games, as well as updates and expansion packs that help to sustain interest in a game. Moreover, certain marketing activities often require the consent of our licensors. Our license agreements typically do not allow us to automatically extend the term of the license without renegotiating with the licensors. We may want to extend a license upon its expiration but may not be able to do so on terms acceptable to us or at all. Our licensors may also demand new royalty terms that are unacceptable to us. Our ability to continue to license our online games and to maintain good relationships with our licensors also affect our ability to license new games developed by the same licensors.

We cannot assure you that we will be successful in developing successful new online games in-house or licensing them from third parties, and if we fail to do so, our revenues from our online games business may decrease and some of our SNS users may become less engaged with our SNS platform, which may cause our website to be viewed by advertisers as a less attractive option for advertising their products and services and may cause our advertising revenues to decrease. If this were to happen, our financial condition, results of operations and business prospects may be materially and adversely affected.

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If we do not deliver new hit games to the market, or if consumers prefer our competitors online games over those we provide, our operating results will suffer.

While various online game developers regularly introduce new online games, a small number of hit titles account for a significant portion of total revenue in the online games industry. If we do not deliver new hit games to the market, or if hit products offered by our competitors take a larger share of the market than we anticipate, the revenues generated by the online games that we offer will fall below expectations.

For example, Tianshu Qitan, which is one of our massively multiplayer online role playing games, or MMORPGs, contributed 31.1% of our online games revenues and 14.0% of our total net revenues in 2010. As with other online games, Tianshu Qitan has a finite commercial lifespan that we would not typically expect to exceed three years, and we believe that Tianshu Qitan, which we launched in late 2008, is in the more mature stage of its commercial lifespan. If we fail to deliver new hit games to replace the revenues generated by Tianshu Qitan, our results of operations will be materially and adversely affected.

The revenue models we adopt for our online games and other entertainment and services may not remain effective, which may materially and adversely affect our business, financial condition and results of operations.

We currently operate substantially all of our online games using the virtual item-based revenue model, whereby players can play games for free, but they have the option to purchase virtual in-game items such as items that improve the strength of game character, in-game accessories and pets. We have generated, and expect to continue to generate, a substantial majority of our online games revenues using this revenue model. However, the virtual item-based revenue model may not be the best revenue model for our games. The virtual item-based revenue model requires us to develop or license online games that not only attract game players to spend more time playing, but also encourage them to purchase virtual items. The sale of virtual items requires us to track closely game players' tastes and preferences, especially as to in-game consumption patterns. If we fail to develop or offer virtual items which game players purchase, we may not be able to effectively convert our game player base into paying users. In addition, the virtual item-based revenue model may raise additional concerns with PRC regulators that have been implementing regulations designed to reduce the amount of time that the Chinese youth spend playing online games and limit the total amount of virtual currency issued by online game operators and the amount purchased by an individual game player. A revenue model that does not charge for playing time may be viewed by the PRC regulators as inconsistent with this goal. Furthermore, we may change the revenue model for some of our online games if we believe the existing revenue models are not optimal. We cannot assure you that the revenue model that we have adopted for any of our online games will continue to be suitable for that game, or that we will not in the future need to switch our revenue model or introduce a new revenue model for that game. A change in revenue model could result in various adverse consequences, including disruptions of our game operations, criticism from game players who have invested time and money in a game and would be adversely affected by such a change, decreases in the number of our game players or decreases in the revenues we generate from our online games. Therefore, such a change in revenue model may materially and adversely affect our business, financial condition and results of operations.

The continuing and collaborative efforts of our senior management, key employees and highly skilled personnel are crucial to our success, and our business may be harmed if we were to lose their services.

Our success depends on the continuous effort and services of our experienced senior management team, in particular Mr. Joseph Chen, our founder, chairman and chief executive officer, and Mr. James Jian Liu, our executive director and our chief operating officer. If one or more of our executive officers or other key personnel are unable or unwilling to continue to provide us with their services, we may not be able to replace them easily or at all. Our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain personnel. Competition for management and key personnel is intense and the pool of qualified candidates is limited. We

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may not be able to retain the services of our executive officers or key personnel, or attract and retain experienced executive officers or key personnel in the future. If any of our executive officers or key employees join a competitor or forms a competing company, we may lose advertiser customers, know-how and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between us and our executive officers or key employees, these agreements may not be enforceable in China, where these executive officers and key employees reside, in light of uncertainties relating to China's laws and legal system. See Risks Relating to Doing Business in China Uncertainties with respect to the PRC legal system could adversely affect us.

Our performance and future success also depend on our ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization. Competition in the SNS, online games and social commerce industries for qualified employees is intense, and if competition in these industries further intensifies, it may be more difficult for us to hire, motivate and retain highly skilled personnel. If we do not succeed in attracting additional highly skilled personnel or retaining or motivating our existing personnel, we may be unable to grow effectively or at all.

The performance of our investments, which include currency deposits and equity interests in companies that are not our affiliates, could materially affect our financial condition and results of operations.

Historically, we have held large cash balances in currencies other than U.S. dollars, including Japanese Yen and Renminbi. We also hold dual currency deposits in U.S. dollars and Japanese Yen. Fluctuations in exchange rates and changes in the investment environment can affect market prices and the income from our deposits and other investments. We have in the past suffered substantial losses as a result of these deposits and other investments. We had an exchange loss of US\$12.9 million on dual currency deposits in 2008, which primarily related to dual currency deposits in U.S. dollars and Australian dollars. We may in the future suffer substantial losses as a result of these deposits and other investments, which may materially affect our financial condition and results of operations. For a detailed discussion of our exposure to fluctuations in the value of the Renminbi against the U.S. dollar, see Risks Related to Doing Business in China Fluctuations in exchange rates may have a material adverse effect on your investment and for a discussion of our foreign exchange risk in general, see Management's Discussion and Analysis of Financial Condition and Results of Operations Foreign Exchange Risk.

We also hold marketable securities including equity investments in corporations that we do not control, such as eLong, an affiliate of Expedia and a leading online travel company in China. If these investments perform poorly, we may suffer substantial losses, which could materially affect our financial condition and results of operations.

We have granted, and may continue to grant, share options under our equity incentive plans, which may result in increased share-based compensation expenses.

We have adopted four equity incentive plans, on February 27, 2006, January 31, 2008, October 15, 2009 and on April 14, 2011. As of the date of this prospectus, options to purchase a total of 51,683,790 ordinary shares of our company were outstanding. See Management Equity Incentive Plans for a detailed discussion. For the years ended December 31, 2008, 2009 and 2010, we recorded US\$1.2 million, US\$2.3 million and US\$2.8 million, respectively, in share-based compensation expenses. As of December 31, 2010, we had US\$5.6 million of unrecognized share-based compensation expenses relating to share options, which are expected to be recognized over a weighted average vesting period of 1.43 years. We believe the granting of share options is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share options to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

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Our quarterly revenues and operating results may fluctuate, which makes our results of operations difficult to predict and may cause our quarterly results of operations to fall short of expectations.

Our quarterly revenues and operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are out of our control. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly and annual revenues and costs and expenses as a percentage of our revenues may be significantly different from our historical or projected rates. Our operating results in future quarters may fall below expectations. Any of these events could cause the price of our ADSs to fall. Other factors that may affect our financial results include, among others:

global economic conditions;

our ability to maintain and increase user traffic;

our ability to attract and retain advertisers or recognize online advertising revenues in a given quarter;

changes in government policies or regulations, or their enforcement; and

geopolitical events or natural disasters such as war, threat of war, earthquake or epidemics.

Our operating results tend to be seasonal and fluctuating. For instance, we typically have lower online advertising revenues during the first quarter of each year primarily due to the Chinese New Year holidays in that quarter, and we experienced a moderate decline in our online advertising revenues in the fourth quarter of 2010. In addition, advertising spending in China has historically been cyclical, reflecting overall economic conditions as well as the budgeting and buying patterns of our customers.

Our business, financial condition and results of operations, as well as our ability to obtain financing, may be adversely affected by the downturn in the global or Chinese economy.

The global financial markets have experienced significant disruptions since 2008 and the effect of the crisis persisted in 2009 and 2010. China's economy has also faced challenges. To the extent that there have been improvements in some areas, it is uncertain whether such recovery is sustainable. Since we have derived at least 39% of our net revenues in each of the previous three years from online advertising in China and the advertising industry is particularly sensitive to economic downturns, our business and prospects may be affected by the macroeconomic environment in China. A prolonged slowdown in China's economy may lead to a reduced amount of advertising activities, which could materially and adversely affect our business, financial condition and results of operations.

Moreover, a slowdown in the global or China's economy or the recurrence of any financial disruptions may have a material and adverse impact on financings available to us. The weakness in the economy could erode investors' confidence, which constitutes the basis of the credit market. The recent financial turmoil affecting the financial markets and banking system may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all. Although we are uncertain about the extent to which the recent global financial and economic crisis and slowdown of China's economy may impact our business in the short term and long term, there is a risk that our business, results of operations and prospects would be materially and adversely affected by any ongoing global economic downturn or slowdown of China's economy.

In the course of preparing our consolidated financial statements, one material weakness and one significant deficiency in our internal control over financial reporting were identified. If we fail to maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud maybe adversely affected, and investor confidence and the market price of our ADSs may be adversely impacted.

Prior to this offering, we have been a private company with limited accounting personnel and other resources for addressing our internal control over financial reporting. In connection with the preparation and

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audit of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified one material weakness and one significant deficiency, each as defined in the U.S. Public Company Accounting Oversight Board Standard AU Section 325, *Communications About Control Deficiencies in an Audit of Financial Statements*, or AU325, in our internal control over financial reporting as of December 31, 2010. As defined in AU325, a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis, and a significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting.

The material weakness identified related to insufficient accounting personnel with appropriate U.S. GAAP knowledge. The significant deficiency identified was our not having a formal policy for investment of our surplus cash and the management of our treasury functions. Following the identification of the material weakness and significant deficiency, we have taken measures and plan to continue to take measures to remediate the material weakness and significant deficiency. For a discussion of the remedial measures we have undertaken or are in the process of undertaking, see Management's Discussion and Analysis of Financial Condition and Results of Operations Internal Control Over Financial Reporting. However, the implementation of these measures may not fully address the material weakness, significant deficiency and other control deficiencies in our internal control over financial reporting, and we cannot yet conclude that they have been fully remedied. Failure to correct the material weakness, significant deficiency and other control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, effective internal control over financial reporting is important to help prevent fraud.

Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting as we and they will be required to do once we become a public company. In light of the material weakness, significant deficiency and other control deficiencies that were identified as a result of the limited procedures performed, we believe it is possible that, had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies may have been identified.

Upon the closing of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, will require that we include a report from our management in our annual report on Form 20-F beginning with our annual report for the year ending December 31, 2012. We intend to remediate the material weakness and significant deficiency before December 31, 2012, but we can give no assurance that we will be able to do so. In addition, beginning at the same time that we will be required under Section 404 to include a report from our management in our annual report on Form 20-F, our independent registered public accounting firm must issue an attestation report on the effectiveness of our internal control over financial reporting. If we fail to remedy the material weakness and significant deficiency identified above, our management or our independent registered public accounting firm may conclude that our internal control over financial reporting is not effective, which could adversely impact the market price of our ADSs due to a loss of investor confidence in the reliability of our reporting processes. Further, we will need to incur significant costs and use significant management and other resources in order to comply with Section 404 of the Sarbanes-Oxley Act.

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We have limited business insurance coverage.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. We do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

The leasehold interests of some of our consolidated affiliated entities might not be fully protected by the terms of the relevant lease agreements due to defects in or the landlord's failure to provide certain title documents with respect to some of our leased properties.

As of December 31, 2010, our consolidated affiliated entities leased properties in China covering a total floor area of approximately 19,400 square meters, primarily for use as offices. All such properties are leased from independent third parties. In respect of approximately 16,800 square meters of these properties, the lessors either do not have or have failed to provide proper title documents. In the event of a dispute related to the legal title of any of these properties, our consolidated affiliated entities could be compelled to vacate the properties on short notice and relocate to different facilities. As a result, the operations of our consolidated affiliated entities could be adversely affected if the aforementioned relocation(s) could not be completed efficiently and in a timely manner.

Risks Related to Our Corporate Structure and the Regulation of our Business

If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Current PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in internet business, including the provision of social networking services, online advertising services and online game services. Specifically, foreign ownership of internet service providers or other value-added telecommunication service providers may not exceed 50%. In addition, according to the Several Opinions on the Introduction of Foreign Investment in the Cultural Industry promulgated by the Ministry of Culture, the State Administration of Radio, Film and Television, or the SARFT, the General Administration of Press and Publication, or the GAPP, the National Development and Reform Commission and the Ministry of Commerce in June 2005, foreign investors are prohibited from investing in or operating, among others, any internet cultural operating entities. We conduct our operations in China principally through contractual arrangements among our wholly owned PRC subsidiary, Qianxiang Shiji, and a consolidated affiliated entity, Qianxiang Tiancheng, and its shareholders. Qianxiang Tiancheng has three wholly owned subsidiaries, namely Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi. Qianxiang Wangjing is the operator of our renren.com website and holds the licenses and permits necessary to conduct our SNS, online advertising and online games business in China (other than in Shanghai Municipality), Qianxiang Changda is an online advertising company that plans to apply for the licenses and permits necessary to conduct our SNS and online games services, and Beijing Nuomi is the operator of our nuomi.com website and holds the licenses and permits that we believe are necessary to conduct our social commerce business in China. Our contractual arrangements with Qianxiang Tiancheng and its shareholders enable us to exercise effective control over Qianxiang Tiancheng and its three subsidiaries, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi, and hence we treat these four entities as our consolidated affiliated entities and consolidate their results. For a detailed discussion of these contractual arrangements, see Corporate History and Structure.

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On September 28, 2009, the GAPP, together with the National Copyright Administration, and National Office of Combating Pornography and Illegal Publications jointly issued a Notice on Further Strengthening on the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Game, or the GAPP Notice. The GAPP Notice restates that foreign investors are not permitted to invest in online game-operating businesses in China via wholly owned, equity joint venture or cooperative joint venture investments and expressly prohibits foreign investors from gaining control over or participating in domestic online game operators through indirect ways such as establishing other joint venture companies, or contractual or technical arrangements. However, the GAPP Notice does not provide any interpretation of the term "foreign investors" or make a distinction between foreign online game companies and companies under a similar corporate structure like ours (including those listed Chinese Internet companies that focus on online game operation). Thus, it is unclear whether the GAPP will deem our corporate structure and operations to be in violation of these provisions.

Based on the advice of TransAsia Lawyers, our PRC legal counsel, the corporate structure of our consolidated affiliated entities and our subsidiary in China comply with all existing PRC laws and regulations. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations (including the MIIT Notice and the GAPP Notice described above), we cannot assure you that the PRC government would agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations. If the PRC government determines that we do not comply with applicable laws and regulations, it could:

revoke our business and operating licenses;

require us to discontinue or restrict our operations;

restrict our right to collect revenues;

block our websites;

require us to restructure our operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;

impose additional conditions or requirements with which we may not be able to comply; or

take other regulatory or enforcement actions against us that could be harmful to our business.

The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the affiliated entities or our right to receive their economic benefits, we would no longer be able to consolidate these entities. These entities contributed substantially all of our consolidated net revenues and contributed US\$40.8 million to income from continuing operations in 2010, while our overall consolidated loss from continuing operations was US\$61.2 million in 2010.

We rely on contractual arrangements with consolidated affiliated entities for our China operations, which may not be as effective in providing operational control as direct ownership.

We have relied and expect to continue to rely on contractual arrangements with our affiliated entities to operate our social networking services, online advertising businesses, online games businesses and social commerce businesses in China. For a description of these contractual arrangements, see "Corporate History and Structure Contractual Arrangements with Our Consolidated Affiliated Entities." These contractual arrangements may not be as effective in providing us with control over these affiliated entities as direct ownership. If we had direct ownership of

Qianxiang Tiancheng, Qianxiang Wangjing, Qianxiang Changda and

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Beijing Nuomi, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of Qianxiang Tiancheng, Qianxiang Wangjing, Qianxiang Changda or Beijing Nuomi, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by Qianxiang Tiancheng and its shareholders of their obligations under the contracts to exercise control over our affiliated entities. Therefore, our contractual arrangements with our affiliated entities may not be as effective in ensuring our control over our China operations as direct ownership would be.

Any failure by our affiliated entities or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business and financial condition.

If Qianxiang Tiancheng or its shareholders fail perform their obligations under the contractual arrangements, we may have to incur substantial costs and resources to enforce our rights under the contracts, and rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective. For example, if the shareholders of Qianxiang Tiancheng were to refuse to transfer their equity interest in Qianxiang Tiancheng to us or our designee when we exercise the call option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our affiliated entities, and our ability to conduct our business may be negatively affected.

Contractual arrangements our subsidiary has entered into with our consolidated affiliated entities may be subject to scrutiny by the PRC tax authorities and a finding that we or our consolidated affiliated entities owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among Qianxiang Shiji, our wholly owned subsidiary in China, Qianxiang Tiancheng, a consolidated affiliated entity in China, and the shareholders of Qianxiang Tiancheng do not represent arm's-length prices and consequently adjust our consolidated affiliated entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our consolidated affiliated entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our consolidated affiliated entities for any unpaid taxes. Our consolidated net income may be materially and adversely affected if our affiliated entities' tax liabilities increase or if they are subject to late payment fees or other penalties.

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The shareholders of our consolidated affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business.

Ms. Jing Yang and Mr. James Jian Liu are shareholders of Qianxiang Tiancheng, one of our consolidated affiliated entities. Ms. Yang is the wife of Mr. Joseph Chen, our founder, chairman and chief executive officer. Mr. Liu is our executive director and chief operating officer.

Conflicts of interest may arise between the dual roles of Mr. Liu as an officer of our company and as the shareholder of Qianxiang Tiancheng. Conflicts of interest may arise between the interests of Ms. Yang as a shareholder of our Qianxiang Tiancheng and as the wife of our founder and chief executive officer. Furthermore, if Ms. Yang experiences domestic conflict with Mr. Chen, she may have little or no incentive to act in the interest of our company, and she may not perform her obligations under the contractual arrangements she has entered into with Qianxiang Shiji.

We may replace Ms. Yang and Mr. Liu as the shareholders of Qianxiang Tiancheng at any time pursuant to the equity option agreements. As an executive officer of our company, Mr. Liu has a duty of loyalty and care to our company and to our shareholders as a whole under Cayman Islands law. In addition, each of Ms. Yang and Mr. Liu has executed a power of attorney to appoint Mr. Liu, the person designated by Qianxiang Shiji, to vote on her/his behalf and exercise the full voting rights as the shareholder of Qianxiang Tiancheng. We cannot assure you, however, that when conflicts arise, Ms. Yang and Mr. Liu will act in the best interests of our company or that conflicts will be resolved in our favor. If we cannot resolve any conflicts of interest or disputes between us and Ms. Yang and Mr. Liu, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiary to pay dividends to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and other distributions on equity to be paid by our wholly owned PRC subsidiary, Qianxiang Shiji, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If Qianxiang Shiji incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, Qianxiang Shiji, as a wholly foreign-owned enterprise in the PRC, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise such as Qianxiang Shiji is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. At its discretion, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Any limitation on the ability of Qianxiang Shiji to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See [Risks Related to Doing Business in China](#). Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain realized by such shareholders or ADS holders, may be subject to PRC taxes under the New EIT Law, which would have a material adverse effect on our results of operations.

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PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of this offering to make loans to our PRC subsidiary and consolidated affiliated entities or to make additional capital contributions to our PRC subsidiary, which may materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiary and consolidated affiliated entities. We may make loans to our PRC subsidiary and consolidated affiliated entities, or we may make additional capital contributions to our PRC subsidiary.

Any loans by us to our PRC subsidiary, which is treated as a foreign-invested enterprise under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to Qianxiang Shiji to finance its activities cannot exceed statutory limits and must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE. We may also decide to finance Qianxiang Shiji by means of capital contributions. These capital contributions must be approved by the PRC Ministry of Commerce or its local counterpart. Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to our consolidated affiliated entities, which are PRC domestic companies. Further, we are not likely to finance the activities of our consolidated affiliated entities by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in social networking services, online advertising, online games and related businesses.

On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. Furthermore, SAFE promulgated a circular on November 19, 2010, or Circular No. 59, which tightens the examination on the authenticity of settlement of net proceeds from this offering and requires that the settlement of net proceeds shall be in accordance with the description in this prospectus.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, including SAFE Circular 142, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or consolidated affiliated entities or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Changes in government policies or regulations may have material and adverse impact on our business, financial condition and results of operations.

Our real name social networking services and online games businesses are subject to strict government regulations in the PRC. Under the current PRC regulatory scheme, a number of regulatory agencies, including the MIIT, the Ministry of Culture, the GAPP, the SARFT and the State Council Information Office, or the SCIO, jointly regulate all major aspects of the internet industry, including the SNS and online game industries.

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Operators must obtain various government approvals and licenses prior to the commencement of SNS and online game operations, including an internet content provider license, or ICP license, an online culture operating permit, a value-added telecommunication services license and an internet publishing license.

We have obtained a value-added telecommunication service license, an ICP license, an online culture operating permit, and an online drug information license for online games and advertisements on our SNS website. We have filed with the GAPP and the Ministry of Culture certain online games that we developed and the imported games available on our SNS website, and will continue to make such filings for these types of games. However, we cannot assure you that our understanding of the applicability and scope of such filings and filing requirements is correct, as the interpretation and enforcement of the applicable laws and regulations by the GAPP and the Ministry of Culture are still evolving. We currently are in the process of applying for an internet publishing license with the GAPP and its relevant local arm. Although we have not received any objections or materially adverse feedback from the GAPP or its local branch relating to our application, we cannot offer any assurances as to whether approval for our application will be granted or when such approval may be granted. If our current practices are challenged by the GAPP and any of our online games fail to be examined and filed by relevant authorities or are found to be in violation of applicable laws, we may be subject to various penalties, including fines and the discontinuation of or restrictions on our operations. We have obtained an ICP license for the social commerce services provided on our social commerce services website, nuomi.com.

If the PRC government promulgates new laws and regulations that require additional licenses or imposes additional restrictions on the operation of SNS, online games, social commerce and/or other services we plan to launch, to the extent we may not be able to obtain these licenses, our results of operations may be materially and adversely affected. In addition, the PRC government may promulgate regulations restricting the types and content of advertisements that may be transmitted online, which could have a direct adverse impact on our business.

Currently there is no law or regulation specifically governing virtual asset property rights and therefore it is not clear what liabilities, if any, online game operators may have for virtual assets.

In the course of playing online games, some virtual assets, such as special equipment and other accessories, are acquired and accumulated. Such virtual assets can be important to online game players and have monetary value and in some cases are sold among players for actual money. In practice, virtual assets can be lost for various reasons, often through unauthorized use of the game account of one user by other users and occasionally through data loss caused by a delay of network service, a network crash or hacking activities. Currently, there is no PRC law or regulation specifically governing virtual asset property rights. As a result, there is uncertainty as to who is the legal owner of virtual assets, whether and how the ownership of virtual assets is protected by law, and whether an operator of online games such as us would have any liability to game players or other interested parties (whether in contract, tort or otherwise) for loss of such virtual assets. In case of a loss of virtual assets, we may be sued by our game players and held liable for damages, which may negatively affect our reputation and business, financial condition and results of operations.

Based on recent PRC court judgments, the courts have typically held online game operators liable for losses of virtual assets by game players, and in some cases have allowed online game operators to return the lost virtual items to game players in lieu of paying damages.

Compliance with the laws or regulations governing virtual currency may result in us having to obtain additional approvals or licenses or change our current business model.

The issuance and use of virtual currency in the PRC has been regulated since 2007 in response to the growth of the online games industry in China. In January 2007, the Ministry of Public Security, the Ministry of Culture, the MIIT and the GAPP jointly issued a circular regarding online gambling which has implications for the use of virtual currency. To curtail online games that involve online gambling, as well as address concerns that

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virtual currency could be used for money laundering or illicit trade, the circular (i) prohibits online game operators from charging commissions in the form of virtual currency in relation to winning or losing of games; (ii) requires online game operators to impose limits on use of virtual currency in guessing and betting games; (iii) bans the conversion of virtual currency into real currency or property; and (iv) prohibits services that enable game players to transfer virtual currency to other players. In February 2007, 14 PRC regulatory authorities jointly promulgated a circular to further strengthen the oversight of internet cafes and online games.

On June 4, 2009, the Ministry of Culture and the Ministry of Commerce jointly issued a notice regarding strengthening the administration of online game virtual currency. The Ministry of Culture issued the Tentative Administrative Measures of Online Games, or the Online Game Measures, in June 2010, which provides, among other things, that virtual currency issued by online game operators may be only used to exchange its own online game products and services and may not be used to pay for the products and services of other entities.

We issue virtual currency to game players for them to purchase various virtual items or time units to be used in our online games. We are in the process of adjusting the content of our online games, but we cannot assure you that our adjustments will be sufficient to comply with the Virtual Currency Notice. Moreover, although we believe we do not offer online game virtual currency transaction services, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours. For example, certain virtual items we issue to users based on in-game milestones they achieve or time spent playing games are transferable and exchangeable for our virtual currency or the other virtual items we issue to users. If the PRC regulatory authorities deem such transfer or exchange to be a virtual currency transaction, then in addition to being deemed to be engaged in the issuance of virtual currency, we may also be deemed to be providing transaction platform services that enable the trading of such virtual currency. Simultaneously engaging in both of these activities is prohibited under the Virtual Currency Notice. In that event, we may be required to cease either our virtual currency issuance activities or such deemed transaction service activities and may be subject to certain penalties, including mandatory corrective measures and fines. The occurrence of any of the foregoing could have a material adverse effect on our business and results of operations.

In addition, the Virtual Currency Notice prohibits online game operators from setting game features that involve the direct payment of cash or virtual currency by players for the chance to win virtual items or virtual currency based on random selection through a lucky draw, wager or lottery. The notice also prohibits game operators from issuing currency to game players through means other than purchases with legal currency. It is unclear whether these restrictions would apply to certain aspects of our online games. Although we believe that we do not engage in any of the above-mentioned prohibited activities, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours and deem such feature as prohibited by the Virtual Currency Notice, thereby subjecting us to penalties, including mandatory corrective measures and fines. The occurrence of any of the foregoing could materially and adversely affect our business and results of operations.

If we are required to pay U.S. taxes, the value of your investment in our company could be substantially reduced.

If, pursuant to a plan or a series of related transactions, a non-United States corporation, such as our company, acquires substantially all of the assets of a United States corporation, and after the acquisition 80% or more of the stock, by vote or value, of the non-United States corporation, excluding stock issued in a public offering related to the acquisition, is owned by former shareholders of the United States corporation by reason of their ownership of the United States corporation, the non-United States corporation will be considered a United States corporation for United States federal income tax purposes. Based on our analysis of the facts related to our corporate restructuring in 2005 and 2006, we do not believe that we should be treated as a United States corporation for United States federal income tax purposes. However, as there is no direct authority on how the relevant rules of the Internal Revenue Code might apply to us, our company's conclusion is not free from doubt. Therefore, our conclusion may be challenged by the United States tax authorities and a finding that we owe additional United States taxes could substantially reduce the value of your investment in our company. You are

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urged to consult your tax advisor concerning the income tax consequences of purchasing, holding or disposing of ADSs or ordinary shares if we were to be treated as a United States domestic corporation for United States federal income tax purposes.

Our operations may be adversely affected by implementation of new anti-fatigue-related regulations.

The PRC government may decide to adopt more stringent policies to monitor the online games industry as a result of adverse public reaction to perceived addiction to online games, particularly by minors. On April 15, 2007, eight PRC government authorities, including the GAPP, the Ministry of Education and the MIIT issued a notice requiring all Chinese online game operators to adopt an anti-fatigue system in an effort to curb addiction to online games by minors. Under the anti-fatigue system, three hours or less of continuous play is defined to be healthy, three to five hours is defined to be fatiguing, and five hours or more is defined to be unhealthy. Online gaming operators are required to reduce the value of game benefits for minor game players by half when those game players reach the fatigue level, and to zero when they reach the unhealthy level. In addition, online game players in China are now required to register their identity card numbers before they can play an online game. This system allows game operators to identify which game players are minors. These restrictions could limit our ability to increase our online games business among minors. Furthermore, if these restrictions were expanded to apply to adult game players in the future, our online games business could be materially and adversely affected.

Risks Related to Doing Business in China

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and operating results.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our PRC subsidiary and consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiary is a foreign-invested

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enterprise and is subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to foreign-invested enterprises. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. For example, China enacted an Anti-Monopoly Law that became effective on August 1, 2008. Because the Anti-Monopoly Law and related regulations have been in effect for only a few years, there have been very few court rulings or judicial or administrative interpretations on certain key concepts used in the law. As a result, there is uncertainty how the enforcement and interpretation of the new Anti-Monopoly Law may affect our business and operations.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, which may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until some time after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet business and companies.

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be violations of applicable laws and regulations. Issues, risks and uncertainties relating to PRC government regulation of the internet industry include, but are not limited to, the following:

We only have contractual control over our websites. We do not own the websites due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including internet content provision services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

There are uncertainties relating to the regulation of the internet industry in China, including evolving licensing practices. This means that permits, licenses or operations at some of our companies may be subject to challenge, or we have failed to obtain permits or licenses that applicable regulators may deem necessary for our operations or we may not be able to obtain or renew certain permits or licenses to maintain their validity. The major permits and licenses that could be involved include the ICP license, the online culture operating permit, the value-added telecommunication services operation permit and the internet publishing license.

New laws and regulations may be promulgated that will regulate internet activities, including social networking services, online games and online advertising businesses. If these new laws and regulations are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations at the time they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

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On July 13, 2006, the MIIT, the predecessor of which is the Ministry of Information Industry, issued the Notice of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services. This notice prohibits domestic telecommunication services providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunications business in China. According to this notice, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The notice also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license. Currently, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi, our PRC consolidated affiliated entities, own the related domain names and trademarks and hold the ICP licenses necessary to conduct our operations for websites in China.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. We cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain any new licenses if required by any new laws or regulations. There are also risks that we may be found to violate the existing or future laws and regulations given the uncertainty and complexity of China's regulation of the internet industry.

Fluctuations in exchange rates may have a material adverse effect on your investment.

The value of the RMB against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on exchange rates set by the PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB solely to the U.S. dollar. Under this revised policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Following the removal of the U.S. dollar peg, the RMB appreciated more than 20% against the U.S. dollar over the following three years. Since July 2008, however, the RMB has traded within a narrow range against the U.S. dollar. As a consequence, the RMB has fluctuated significantly since July 2008 against other freely traded currencies, in tandem with the U.S. dollar. On June 20, 2010, the PBOC announced that the PRC government would further reform the RMB exchange rate regime and increase the flexibility of the exchange rate. It is difficult to predict how this new policy may impact the RMB exchange rate.

Substantially all of our revenues and costs are denominated in RMB. Any significant revaluation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, an appreciation of RMB against the U.S. dollar would reduce the amount of RMB we would receive if we need to convert U.S. dollars into RMB. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

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Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. Therefore, Qianxiang Shiji is able to pay dividends in foreign currencies to us without prior approval from SAFE. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval.

On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, which became effective on September 8, 2006 and was amended on June 22, 2009. This regulation, among other things, requires offshore special purpose vehicles, or SPVs, formed for the purpose of an overseas listing and controlled by PRC companies or individuals, to obtain CSRC approval prior to listing their securities on an overseas stock exchange. The application of this regulation remains unclear. Our PRC counsel, TransAsia Lawyers, has advised us that, based on their understanding of the current PRC laws, rules and regulations:

the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation; and

given that Qianxiang Shiji and Qianxiang Tiancheng were established before September 8, 2006, the effective date of this regulation, and that no provision in this regulation clearly classified contractual arrangements as a type of transaction subject to its regulation, we are not required to submit an application to the CSRC for its approval of the listing and trading of our ADSs on the NYSE.

Because there has been no official interpretation or clarification of this regulation since its adoption, there is uncertainty as to how this regulation will be interpreted or implemented. If it is determined that the CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, delays or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our China subsidiary, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable to us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

Recently enacted regulations in the PRC may make it more difficult for us to pursue growth through acquisitions.

Among other things, the regulation discussed in the preceding risk factor established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming

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and complex. Such regulation requires, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council on August 3, 2008, are triggered.

We may grow our business in part by directly acquiring complementary businesses in China. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to the establishment of offshore holding companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE has promulgated several regulations, including the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular No. 75, issued on November 1, 2005, and the Notice of the General Affairs Department of the State Administration of Foreign Exchange on Printing and Distributing the Implementing Rules for the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular No. 106, issued on May 29, 2007. These regulations require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations apply to our shareholders who are PRC residents by virtue of their establishment or their maintaining a controlling interest in our company, and may apply to any offshore acquisitions that we make in the future.

Mr. Joseph Chen, our founder, chairman and chief executive officer, is not a PRC citizen, but resides in China and has established and maintains a major shareholding in our company. Based on our recent oral inquiry with the relevant local branch of SAFE, the requirements for registration under SAFE Circular 75 are not applicable to Mr. Chen because he had been a U.S. citizen before establishing the offshore holding company.

Mr. James Jian Liu, our executive director and chief operating officer, and a few other senior management personnel of our company, all of whom are PRC residents, became shareholders of our company as a result of the exercise of employee share options. Based on our recent inquiry with the relevant local branch of SAFE, any application to such local SAFE branch with respect to the registration of Mr. Liu and the other PRC resident shareholders' holdings of shares in our offshore holding company under SAFE Circular 75 and related rules will not be officially accepted or examined because they became shareholders of our offshore holding company as a result of their exercise of employee share options.

However, we cannot conclude that SAFE or its local branch responsible for our PRC subsidiary's foreign exchange registrations will not later alter their position on and interpretation of the applicability of these foreign exchange regulations to Mr. Chen, Mr. Liu or the other PRC resident shareholders of our company. In the event that the registration procedures set forth in these foreign exchange regulations becomes applicable to Mr. Chen, Mr. Liu or any of the PRC resident shareholders of our company, we will urge these individuals to file necessary registrations and amendments as required under SAFE Circular 75 and related rules. However, we cannot assure you that all of these individuals can successfully file or update any applicable registration or obtain the necessary approval required by these foreign exchange regulations. The failure or inability of such individuals to comply with the registration procedures set forth in these regulations may subject us to fines or legal sanctions, restrictions on our cross-border investment activities or our PRC subsidiary's ability to distribute dividends to, or

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obtain foreign-exchange-dominated loans from, our company, or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We cannot predict how these regulations will affect our business operations or future strategy. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In December 2006, the PBOC promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, which set forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. In January 2007, SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee share ownership plans or share option plans of an overseas publicly listed company. In March, 2007, SAFE promulgated the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plan of Overseas-Listed Company, or the Stock Option Rules. Under these rules, PRC citizens who participate in an employee share ownership plan or a share option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. For participants of an employee share ownership plan, an overseas custodian bank should be retained by the PRC agent, which could be the PRC subsidiary of such overseas publicly listed company, to hold on trusteeship all overseas assets held by such participants under the employee share ownership plan. In the case of a share option plan, the PRC agent is required to retain a financial institution with stock brokerage qualification at the place where the overseas publicly listed company is listed or a qualified institution designated by the overseas publicly listed company to handle matters in connection with the exercise or sale of share options for the share option plan participants. For participants who had already participated in an employee share ownership plan or share option plan before the date of the Stock Option Rules, the Stock Option Rules require their PRC employers or PRC agents to complete the relevant formalities within three months of the date of this rule. We and our PRC citizen employees who participate in an employee share ownership plan or a share option plan will be subject to these regulations when our company becomes a publicly listed company in the United States. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and other legal or administrative sanctions. See Regulation Regulations on Employee Stock Options Plans.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the State Administration of Taxation, or the SAT, on December 10, 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly via disposing of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report to the relevant tax authority of the PRC resident

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enterprise this Indirect Transfer. Using a substance over form principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

There is uncertainty as to the application of SAT Circular 698. For example, while the term Indirect Transfer is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the relevant tax authority of the PRC resident enterprise. In addition, there are not any formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Circular 698 may be determined by the tax authorities to be applicable to our private equity financing transactions where non-resident investors were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors in such transactions may become at risk of being taxed under SAT Circular 698 and we may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under the general anti-avoidance rule of the PRC Enterprise Income Tax Law, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors' investments in us.

Discontinuation of any of the preferential tax treatments or imposition of any additional taxes could adversely affect our financial condition and results of operations.

Qianxiang Wangjing is qualified as a software enterprise and enjoys tax benefits under the PRC Enterprise Income Tax Law, or the New EIT Law, and its implementation rules, both of which became effective on January 1, 2008. However, we cannot assure you that we will be able to continue to enjoy such tax benefits. If Qianxiang Wangjing's status as a software enterprise is repealed, we may have to pay additional taxes to make up any previously unpaid tax and may be subject to a higher tax rate, which may materially and adversely affect our results of operations.

The New EIT Law applies a uniform statutory income tax rate of 25% to enterprises in China. The New EIT Law and implementation rules promulgated under the New EIT Law provide that software enterprises enjoy an income tax exemption for two years beginning with their first profitable year and a 50% tax reduction to a rate of 12.5% for the subsequent three years. Qianxiang Wangjing has been qualified as a software enterprise by the Beijing Municipal Commission of Science and Technology and, accordingly, will enjoy an enterprise income tax rate of 0% for both 2009 and 2010 as well as a tax reduction of 50% for the following three years.

As the New EIT Law and its implementation rules have only recently taken effect, there are uncertainties on their future interpretation and implementation. We cannot assure you that the qualification of Qianxiang Wangjing as a software enterprise by the relevant tax authority will not be challenged in the future by their supervising authorities and be repealed, or that there will not be future implementation rules that are inconsistent with current interpretation of the New EIT Law. If the tax benefits Qianxiang Wangjing enjoys as a software enterprise are revoked prior to expiration of its term, and we are otherwise unable to qualify Qianxiang Wangjing for other income tax exemptions or reductions, our effective income tax rate will be adversely affected. In addition, we may have to pay additional taxes to make up any previously unpaid tax. As a result, our results of operations could be materially and adversely affected.

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Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain recognized by such shareholders or ADS holders, may be subject to PRC taxes under the New EIT Law, which would have a material adverse effect on our results of operations.

Under the New EIT Law and its implementation rules, both of which became effective on January 1, 2008, an enterprise established outside of the PRC with de facto management bodies within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term de facto management bodies as establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, on April 22, 2009. SAT Circular 82 provides certain specific criteria for determining whether the de facto management body of a Chinese-controlled offshore-incorporated enterprise is located in China. See Regulation Regulations on Tax PRC Enterprise Income Tax. Although SAT Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by PRC individuals, the determining criteria set forth in Circular 82 may reflect the SAT's general position on how the de facto management body test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a resident enterprise and may therefore be subject to enterprise income tax at a rate of 25% on our global income. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiary, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Under the Old EIT Law applicable to us prior to January 1, 2008, dividend payments to foreign investors made by foreign-invested enterprises in China, such as Qianxiang Shiji, were exempt from PRC withholding tax. Pursuant to the New EIT Law and its implementation rules, however, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors, which are non-PRC tax resident enterprises without an establishment in China, or whose income has no connection with their institutions and establishments inside China, are subject to withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we plan to conduct substantially all of our business through Qianxiang Shiji, which is 100% owned by CIAC, our wholly owned subsidiary located in the Cayman Islands. As long as CIAC is considered a non-PRC resident enterprise and holds at least 25% of the equity interest of Qianxiang Shiji, dividends that it receives from Qianxiang Shiji may be subject to withholding tax at a rate of 10%. See Regulation Regulations on Tax Dividends Withholding Tax.

As uncertainties remain regarding the interpretation and implementation of the New EIT Law and its implementation rules, we cannot assure you that if we are regarded as a PRC resident enterprise, any dividends to be distributed by us to our non-PRC shareholders and ADS holders would not be subject to any PRC withholding tax at a rate of up to 10%. Similarly, any gain recognized by such non-PRC shareholders or ADS holders on the sale of shares or ADSs, as applicable, may also be subject to PRC withholding tax. If we are required under the New EIT Law to withhold PRC income tax on our dividends payable to our non-PRC enterprise shareholders and ADS holders, or on gain recognized by such non-PRC shareholders or ADS holders, such investors' investment in our ordinary shares or ADSs may be materially and adversely affected.

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The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and our results of operations.

On June 29, 2007, the Standing Committee of the National People's Congress of China enacted the Labor Contract Law, which became effective on January 1, 2008. The Labor Contract Law introduces specific provisions related to fixed-term employment contracts, part-time employment, probation, consultation with labor union and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining, which together represent enhanced enforcement of labor laws and regulations. According to the Labor Contract Law, an employer is obliged to sign an unlimited-term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract must have an unlimited term, with certain exceptions. The employer must also pay severance to an employee in nearly all instances where a labor contract, including a contract with an unlimited term, is terminated or expires. In addition, the government has continued to introduce various new labor-related regulations after the Labor Contract Law. Among other things, new annual leave requirements mandate that annual leave ranging from five to 15 days is available to nearly all employees and further require that the employer compensate an employee for any annual leave days the employee is unable to take in the amount of three times his daily salary, subject to certain exceptions. As a result of these new regulations designed to enhance labor protection, our labor costs are expected to increase. In addition, as the interpretation and implementation of these new regulations are still evolving, we cannot assure you that our employment practices do not or will not violate the Labor Contract Law and other labor-related regulations. If we are subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, our business and results of operations may be adversely affected.

Risks Related to this Offering

There has been no public market for our ordinary shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.

Prior to this initial public offering, there has been no public market for our shares or ADSs. We have applied to list the ADSs on the NYSE. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs will be materially and adversely affected.

Negotiations with the underwriters will determine the initial public offering price for our ADSs, which may bear no relationship to their market price after the initial public offering. We cannot assure you that an active trading market for our ADSs will develop or that the market price of our ADSs will not decline below the initial public offering price.

The market price for our ADSs may be volatile.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

regulatory developments in our industry affecting us, our advertisers or our competitors;

announcements of studies and reports relating to the quality of our services or those of our competitors;

changes in the economic performance or market valuations of other companies that provide SNS, online games, online advertising or social commerce services or other internet companies;

actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;

changes in financial estimates by securities research analysts;

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conditions in the SNS, online game, online advertising and social commerce industries or the internet industry in general;

announcements by us or our competitors of new services, acquisitions, strategic relationships, joint ventures or capital commitments;

additions to or departures of our senior management;

fluctuations of exchange rates between the RMB and the U.S. dollar;

release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs; and

sales or perceived potential sales of additional ordinary shares or ADSs.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

Our proposed dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Immediately prior to the completion of this offering, we will have a dual-class voting structure whereby our ordinary shares will consist of Class A ordinary shares and Class B ordinary shares. Subject to certain exceptions, in respect of matters requiring the votes of shareholders, holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to ten votes per share. We will issue Class A ordinary shares represented by our ADSs in this offering. Contemporaneously with the completion of this offering, (i) 25,571,420 series A preferred shares, 70,701,580 series B preferred shares and 173,985,970 ordinary shares held by Mr. Joseph Chen, our founder, chairman and chief executive officer, will be converted into Class B ordinary shares on a one-for-one basis, (ii) 135,129,480 series D preferred shares held by SB Pan Pacific Corporation, one of our existing shareholders, will be converted into Class B ordinary shares on a one-for-one basis, and (iii) all of the remaining ordinary shares and preferred shares that are issued and outstanding will be converted into Class A ordinary shares on a one-for-one basis. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equal number of Class A ordinary shares.

Due to the disparate voting powers attached to these two classes, we anticipate that Mr. Chen and SB Pan Pacific Corporation will beneficially own approximately 56.0% and 33.6%, respectively, of the aggregate voting power of our company immediately after this offering, assuming (i) the underwriters do not exercise their over-allotment option to purchase additional ADSs, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus. Accordingly, Mr. Chen and SB Pan Pacific Corporation will have controlling power over matters requiring shareholder approval, subject to certain exceptions. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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Because our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their Class A ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of approximately US\$10.25 per ADS, representing the difference between the assumed initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus and our pro forma as adjusted net tangible book value of US\$2.75 per ADS as of December 31, 2010, after giving effect to the automatic conversion of our preferred shares immediately prior to the completion of this offering and the net proceeds to us from both this offering and our issuance of a total of 25,384,612 Class A ordinary shares through concurrent private placements. In addition, you may experience further dilution to the extent that our ordinary shares are issued upon the exercise of share options.

Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of our ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs or ordinary shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Immediately after the completion of this offering, we will have 1,177,602,715 ordinary shares outstanding, including 159,300,000 Class A ordinary shares represented by ADSs, assuming the underwriters do not exercise their over-allotment option. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act. The remaining Class A ordinary shares outstanding after this offering will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of this prospectus, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives. To the extent shares are released before the expiration of the lock-up period and sold into the market, the market price of our ADSs could decline.

Upon completion of this offering, certain holders of our ordinary shares will have the right to cause us to register under the Securities Act the sale of their shares, subject to the 180-day lock-up period in connection with this offering. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

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You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this prospectus and in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attaching to the Class A ordinary shares represented by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the Class A ordinary shares represented by the ADSs. Upon receipt of your voting instructions, the depositary will vote the underlying Class A ordinary shares in accordance with these instructions.

Pursuant to our amended and restated memorandum and articles of association effective immediately prior to the completion of this offering, we may convene a shareholders meeting upon seven (7) calendar days notice. If we give timely notice to the depositary under the terms of the deposit agreement (30 days notice), the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to instruct the depositary to vote the Class A ordinary shares underlying your ADSs, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if the Class A ordinary shares underlying your ADSs are not voted as you requested. In addition, although you may directly exercise your right to vote by withdrawing the Class A ordinary shares underlying your ADSs, you may not receive sufficient advance notice of an upcoming shareholders meeting to withdraw the Class A ordinary shares underlying your ADSs to allow you to vote with respect to any specific matter.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so.

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because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited because we are incorporated under Cayman Islands law, we conduct substantially all of our operations in China and substantially all of our directors and officers reside outside the United States.

We are incorporated in the Cayman Islands and conduct substantially all of our operations in China through our PRC subsidiary and consolidated affiliated entities. Most of our directors and officers reside outside the United States and a substantial portion of the assets of such directors and officers are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. For more information regarding the relevant laws of the Cayman Islands and China, see [Enforceability of Civil Liabilities](#).

Our corporate affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and by the Companies Law (2010 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors, actions by minority shareholders and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which provides persuasive, but not binding, authority. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts.

As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors or our major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our ADS price.

We intend to use the net proceeds of this offering for, among other things, expanding our new services, including our nuomi.com social commerce services, investing in our technology and research and development activities and expanding our sales and marketing activities, with the balance to be used for other general corporate purposes, including potential strategic acquisitions and investments. However, our management will have considerable discretion in the application of the net proceeds received by us. For more information, see [Use of Proceeds](#). You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our efforts to maintain profitability or increase our ADS price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

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Our memorandum and articles of association will contain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

We will adopt an amended and restated memorandum and articles of association that will become effective immediately prior to the completion of this offering. Our new memorandum and articles of association will contain certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board directors to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. The provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

Our two largest shareholders are able to significantly influence our actions over important corporate matters, which may deprive you of an opportunity to receive a premium for your shares and reduce the price of our ADSs.

Immediately after the completion of this offering, Mr. Joseph Chen, our founder, chairman and chief executive officer, will beneficially own approximately 66.7% of our outstanding Class B ordinary shares, representing in aggregate 56.0% of our total voting power, and SB Pan Pacific Corporation will beneficially own approximately 22.9% of our outstanding Class A ordinary shares and approximately 33.3% of our outstanding Class B ordinary shares, representing in aggregate 33.6% of our total voting power, assuming (i) the underwriters do not exercise their over-allotment option to purchase the additional shares, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of the prospectus. Consequently, these shareholders will be able to significantly influence matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentration of ownership and voting power may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs in this offering. In addition, these persons could divert business opportunities away from us to themselves or others.

We may be classified as a passive foreign investment company for United States federal income tax purposes, which could subject United States investors in the ADSs or ordinary shares to significant adverse United States income tax consequences.

Depending upon the value of our ordinary shares and ADSs and the nature of our assets and income over time, we could be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes. A non-United States corporation will be treated as a PFIC for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of passive income, or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income (the asset test). Passive income is any income that would be foreign personal holding company income under the Internal Revenue Code of 1986, as amended, including, without limitation, dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income, net gains from commodity transactions, net foreign currency gains and income from notional principal contracts.

A non-United States corporation that is a controlled foreign corporation, or CFC, for United States federal income tax purposes may be required to use the adjusted basis of its assets in applying the PFIC asset test, which may increase the likelihood that it qualifies as a PFIC. The legislative history to the special PFIC adjusted basis rule can be read as intending for the rule to apply only to United States persons that own at least 10% of the

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voting stock of the non-United States corporation; however, this limitation is not reflected in the statute. We would be treated as a CFC for any year on any day of which U.S. Holders (as defined in Taxation Material United States Federal Income Tax Considerations General) each own (directly, indirectly or by attribution) at least 10% of our voting shares and together own more than 50% of the total combined voting power of all classes of our voting shares or more than 50% of the total value of our shares (the CFC Ownership Test). Hence, although we believe that our U.S. Holders do not satisfy the CFC Ownership Test currently, and it is not clear that they did for any prior portion of 2011, it is possible that they might be so treated. Therefore, if we are treated as a CFC for United States federal income tax purposes for any portion of our taxable year that includes this offering, we would likely be classified as a PFIC. If we are so classified, our ADSs or ordinary shares generally will continue to be treated as shares in a PFIC for all succeeding years during which a U.S. Holder (as defined in Taxation Material United States Federal Income Tax Considerations General) holds our ADSs or ordinary shares, unless we cease to be a PFIC (as is expected for 2012 and subsequent taxable years) and the U.S. Holder makes a deemed sale election or deemed dividend election with respect to the ADSs or ordinary shares. If you make a deemed sale election, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value as of the last day of the last year during which we were a PFIC (the termination date). If you make a deemed dividend election, you will be required to include in income as a deemed dividend your pro-rata share of our earnings and profits accumulated during any portion of your holding period ending at the close of the termination date and attributable to the ADSs or ordinary shares held on the termination date. Any gain from such deemed sale or any income from such deemed dividend would be subject to the consequences described below under Taxation Material United States Federal Income Tax Considerations Passive Foreign Investment Company Rules. If we are not profitable (as determined for financial reporting purposes) for 2011, the deemed dividend election may not have any adverse United States federal income tax effect on you. Financial reporting accounting is different, however, from the computation of net income and earnings and profits under the Code. You are urged to consult your tax adviser regarding our possible status as a PFIC as well as the benefit of making an actual or protective deemed dividend election or deemed sale election.

Although the law in this area is in many instances unclear, based on our current income and assets and projections as to the value of our ADSs and outstanding ordinary shares pursuant to this offering, we do not expect to be treated as a PFIC for our 2012 taxable year or the foreseeable future thereafter. Therefore, if you make a deemed sale or deemed dividend election for 2011, your ADSs or ordinary shares with respect to which such election was made should not be treated as shares in a PFIC unless we subsequently become a PFIC. Regardless of whether we qualify as a PFIC or not for 2011, while we do not anticipate being a PFIC in 2012, because the value of our assets for purposes of the asset test will generally be determined by reference to the market price of our ADSs or ordinary shares, fluctuations in the market price of our ADSs or ordinary shares may cause us to continue being a PFIC for 2012 or subsequent taxable years. In estimating the value of our goodwill and other unbooked intangible assets we have taken into account our anticipated market capitalization following the closing of this offering. Among other matters, if our market capitalization is less than anticipated or subsequently declines, we may continue to be treated as a PFIC for one or more future taxable years. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for active purposes, our risk of being classified as a PFIC for any given year may substantially increase. In addition, for purposes of determining whether we are a PFIC, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25%, by value, of the stock. If it were determined that we are not the owner of Qianxiang Tiancheng, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi for United States federal income tax purposes, we would likely continue to be treated as a PFIC for the 2012 taxable year and any subsequent taxable year. We expect to file annual reports on Form 20-F with the U.S. Securities and Exchange Commission in which we will update our expectations as to whether or not we anticipate being a PFIC for such year.

If we were to be or become classified as a PFIC, a U.S. Holder may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the

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receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an excess distribution under the United States federal income tax rules. Alternatively, United States holders of PFIC shares can sometimes avoid the rules described above by electing to treat such PFIC as a qualified electing fund. However, this option will not be available to U.S. Holders because, even if we were to be or become a PFIC, we do not intend to comply with the requirements necessary to permit U.S. Holders to make such election. If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must file an annual report with the United States Internal Revenue Service, or the IRS. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding and disposing of ADSs or ordinary shares if we are or become treated as a PFIC, including the possibility of making a mark-to-market election or deemed sale election and the unavailability of the election to treat us as a qualified electing fund. For more information see Taxation Material United States Federal Income Tax Considerations Passive Foreign Investment Company Considerations and Passive Foreign Investment Company Rules.

We will incur increased costs as a result of being a public company.

As a public company, we will incur significant accounting, legal and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the U.S. Securities and Exchange Commission and the NYSE, have detailed requirements concerning corporate governance practices of public companies, including Section 404 relating to internal control over financial reporting. We expect these and other rules and regulations applicable to public companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward looking statements are contained principally in the sections titled Prospectus Summary, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and Business. Known and unknown risks, uncertainties and other factors, including those listed under Risk Factors, may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as may, will, expect, anticipate, aim, estimate, intend, believe, is/are likely to, potential, continue or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

our goal and strategies;

our future business development, financial condition and results of operations;

the expected growth of the SNS, online games and online advertising businesses in China;

our expectations regarding demand for and market acceptance of our services;

our expectations regarding the retention and strengthening of our relationships with key advertisers;

our investment plans to enhance our user experience, infrastructure and service offerings;

competition in our industry in China; and

relevant government policies and regulations relating to our industry.

This prospectus also contains certain data and information relating to the SNS, online advertising, online games and social commerce industries in China which we obtained from various government and private publications. This market data includes projections that are based on a number of assumptions. Our markets may not grow at the rates projected by the market data, or at all. The failure of our markets to grow at the projected rates may have a material adverse effect on our business and the market price of our ADSs. In addition, the rapidly changing nature of the SNS, online advertising, online games and social commerce industries in China subjects any projections or estimates relating to the growth prospects or future condition of our markets to significant uncertainties. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering and the concurrent private placements of approximately US\$628.8 million, or approximately US\$726.1 million if the underwriters exercise in full their over-allotment option to purchase additional ADSs, after deducting underwriting discounts and the estimated offering expenses payable by us. These estimates are based upon an assumed initial public offering price of US\$13.00 per ADS (the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus). A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$13.00 per ADS would increase (decrease) the net proceeds to us from this offering by US\$40.3 million, assuming the number of ADSs offered by us, as set forth on the front cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to enhance our profile and brand recognition, create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives, and obtain additional capital. We plan to use the net proceeds of this offering and the concurrent private placements as follows:

approximately US\$180 million for investing in our technology and research and development activities;

approximately US\$180 million for expanding our sales and marketing activities, including marketing programs on the internet, television, outdoor media and other formats to increase our brand recognition, promote nuomi.com and jingwei.com, and promote games on our online games center; and

the balance for other general corporate purposes, including potential strategic acquisitions and investments.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus.

Pending any use, as described above, we plan to invest the net proceeds in short-term, interest-bearing debt instruments or demand deposits.

In using the proceeds, as an offshore holding company, we are permitted, under PRC laws and regulations, to provide funding to our PRC subsidiary only through loans or capital contributions and to our consolidated affiliated entities only through loans. Subject to satisfaction of applicable government registration and approval requirements, we may extend loans to our PRC subsidiary and consolidated affiliated entities or make additional capital contributions to our PRC subsidiary to fund its capital expenditures or working capital. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See Risk Factors Risks Related to Our Corporate Structure PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of this offering to make loans to our PRC subsidiary and consolidated affiliated entities or to make additional capital contributions to our PRC subsidiary, which may materially and adversely affect our liquidity and our ability to fund and expand our business.

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

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DIVIDEND POLICY

We have not paid in the past and do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has complete discretion on whether to distribute dividends, subject to the approval of our shareholders. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, they will be paid in accordance with Cayman Islands law, which provides, in summary, that dividends may be paid out of profits and/or our share premium account provided that in the case of our share premium account, no such distribution or dividend paid to our shareholders will cause us to be unable to pay our debts as they fall due in the ordinary course of our business. In addition, the Companies Law (2010 Revision) of the Cayman Islands prevents us from offering our shares or securities to individuals within the Cayman Islands, which may limit our ability to distribute a dividend comprised of our shares or other securities. We will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See Description of American Depositary Shares. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2010:

on an actual basis;

on a pro forma basis to reflect the automatic conversion of all of our preferred shares issued and outstanding into 725,668,320 ordinary shares immediately prior to the completion of this offering; and the redesignation of our ordinary shares into 531,662,870 Class A ordinary shares and 405,388,450 Class B ordinary shares immediately prior to the completion of this offering.

on a pro forma as adjusted basis to reflect: (1) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares immediately prior to the completion of this offering, (2) the redesignation of our ordinary shares into Class A ordinary shares and Class B ordinary shares immediately prior to the completion of this offering, (3) the sale by us in concurrent private placements of 25,384,612 Class A ordinary shares, which share number has been calculated based on the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus, with net proceeds to us of US\$109.1 million, and (4) the issuance and sale by us of 128,696,133 Class A ordinary shares in the form of ADSs in this offering at an assumed initial public offering price of US\$13.00 per ADS (the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus), after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under Management's Discussion and Analysis of Financial Condition and Results of Operations.

	As of December 31, 2010		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands of US\$)		
Series C convertible redeemable preferred shares	\$ 28,520	\$	\$
Series D convertible redeemable preferred shares	571,439		
Equity (deficit):			
Series A convertible preferred shares	85		
Series B convertible preferred shares	82		
Ordinary shares, US\$0.001 par value, 2,000,000,000 shares authorized, 211,383,000 shares issued and outstanding, and nil shares issued and outstanding on a pro forma basis	211		
Class A ordinary shares, US\$0.001 par value, 3,000,000,000 shares authorized, 531,662,870 shares issued and outstanding on a pro forma basis, 685,743,615 shares issued and outstanding on a pro forma as adjusted basis		532	686
Class B ordinary shares, US\$0.001 par value, 500,000,000 shares authorized, 405,388,450 shares issued and outstanding on a pro forma as adjusted basis		405	405
Additional paid-in capital ⁽¹⁾	9,470	608,870	1,237,528
Subscription receivable	(4,909)	(4,909)	(4,909)
Statutory reserves	2,595	2,595	2,595
Accumulated deficit	(223,572)	(223,572)	(223,572)
Accumulated other comprehensive income	46,646	46,646	46,646
Total equity (deficit)	(169,392)	430,567	1,059,379
Total capitalization ⁽¹⁾	\$ 430,567	\$ 430,567	\$ 1,059,379

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- (1) A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$13.00 per ADS (the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus) would increase (decrease) each of additional paid-in capital, total shareholders equity and total capitalization by US\$40.3 million.

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If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the conversion of our preferred shares and the fact that the initial public offering price per Class A ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of December 31, 2010 was approximately negative US\$169.4 million, or negative US\$0.66 per ordinary share as of that date, and negative US\$1.97 per ADS. Net tangible book value represents the amount of our total consolidated assets, less the amount of our intangible assets, goodwill, total consolidated liabilities and series C and series D convertible redeemable preferred shares. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to (1) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares immediately upon the completion of this offering, (2) the issuance and sale in concurrent private placements of 25,384,612 Class A ordinary shares, calculated based on the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus, with net proceeds to us of US\$109.1 million and (3) the issuance and sale by us of 42,898,711 ADSs offered in this offering at an assumed initial public offering price of US\$13.00 per ADS (the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus) after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us. Because the Class A ordinary shares and Class B ordinary shares have the same dividend and other rights, except for voting and conversion rights, the dilution is presented based on all ordinary shares, including Class A ordinary shares and Class B ordinary shares.

Without taking into account any other changes in net tangible book value after December 31, 2010, other than to give effect to (1) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares immediately prior to the completion of this offering, (2) the issuance and sale in concurrent private placements of 25,384,612 Class A ordinary shares, calculated based on the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus, with net proceeds to us of US\$109.1 million and (3) the issuance and sale by us of 42,898,711 ADSs offered in this offering at an assumed initial public offering price of US\$13.00 per ADS (the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus) after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2010 would have been US\$1.1 billion, or US\$0.92 per outstanding ordinary share and US\$2.75 per ADS. This represents an immediate increase in net tangible book value of US\$0.49 per ordinary share and US\$1.47 per ADS to the existing shareholders and an immediate dilution in net tangible book value of US\$3.41 per ordinary share and US\$10.25 per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Share	Per ADS
Actual net tangible book value per share as of December 31, 2010	US\$ (0.66)	US\$ (1.97)
Pro forma net tangible book value per share after giving effect to (1) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares and (2) the concurrent private placements	US\$ 0.43	US\$ 1.28
Pro forma as adjusted net tangible book value per share after giving effect to (1) the automatic conversion of all of our issued and outstanding preferred shares into ordinary shares, (2) the concurrent private placements, and (3) this offering	US\$ 0.92	US\$ 2.75
Assumed initial public offering price	US\$ 4.33	US\$ 13.00
Dilution in net tangible book value per share to new investors in the offering	US\$ 3.41	US\$ 10.25
The amount of dilution in net tangible book value to new investors in this offering set forth above is calculated by deducting (i) the pro forma net tangible book value after giving effect to the automatic conversion		

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of our preferred shares from (ii) the pro forma net tangible book value after giving effect to the automatic conversion of our preferred shares and this offering.

The following table summarizes, on a pro forma basis as of December 31, 2010, the differences between existing shareholders, including holders of our preferred shares, and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share/ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
	Number	Percent	Amount	Percent		
(in thousands of US\$, except number of shares and percentages)						
Existing shareholders	994,195,900	86.6%	US\$ 420,036	38.6%	0.42	1.27
New investors	154,080,745	13.4%	US\$ 677,683	61.4%	4.33	13.00
Total	1,148,276,645	100.0%	US\$ 1,087,719	100.0%		

A US\$1.00 increase (decrease) in the assumed public offering price of US\$13.00 per ADS (the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus) would increase (decrease) our pro forma net tangible book value after giving effect to the offering by US\$40.3 million, the pro forma net tangible book value per ordinary share and per ADS after giving effect to the automatic conversion of our preferred shares and this offering by US\$0.04 per ordinary share and US\$0.11 per ADS and the dilution in pro forma net tangible book value per ordinary share and per ADS to new investors in this offering by US\$0.30 per ordinary share and US\$0.89 per ADS, assuming no change to the number of ADSs offered by us as set forth on the front cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

The pro forma information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The discussion and tables above also do not take into consideration any outstanding share options and issued but unvested ordinary shares. As of the date of this prospectus, there were 51,683,790 ordinary shares issuable upon exercise of outstanding share options at a weighted average exercise price of US\$0.61 per share, and there were 67,782,628 ordinary shares available for future issuance upon the exercise of future grants under our 2009 Equity Incentive Plan, as amended, and our 2011 Share Incentive Plan. As of the date of this prospectus, there were 26,098,810 issued but unvested ordinary shares. To the extent that any of these options are exercised and the unvested ordinary shares become vested, there will be further dilution to new investors.

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ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands in order to enjoy certain benefits, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of exchange control or currency restrictions, and the availability of professional and support services. However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include a less developed body of Cayman Islands securities laws that provide significantly less protection to investors as compared to the laws of the United States, and the potential lack of standing by Cayman Islands companies to sue before the federal courts of the United States.

Our organizational documents do not contain provisions requiring disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. Some of our officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Law Debenture Corporate Services Inc. as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Appleby, our counsel as to Cayman Islands law, and TransAsia Lawyers, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or

entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Appleby has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, and which was neither obtained by fraud or in proceedings contrary to natural justice or the public policy of the Cayman Islands, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation without any re-examination of the merits of the underlying dispute. However, the Cayman Islands courts are unlikely to enforce a punitive judgment of a United States court predicated upon the liabilities provision of the federal securities laws in the United States without retrial on the merits if such judgment gives rise to obligations to make payments that may be regarded as fines, penalties or similar charges.

TransAsia Lawyers has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States.

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CORPORATE HISTORY AND STRUCTURE

We began our operations in China in 2002 through Beijing Qianxiang Tiancheng Technology Development Co., Ltd., or Qianxiang Tiancheng, which has subsequently become one of our consolidated affiliated entities through the contractual arrangements described below. CIAC/ChinaInterActiveCorp, or CIAC was incorporated in August 2005 in the Cayman Islands. CIAC wholly owns Qianxiang Shiji Technology Development (Beijing) Co., Ltd., or Qianxiang Shiji, a company established in Beijing, China. Qianxiang Shiji operates our business in China through a series of contractual arrangements it has entered into with our consolidated affiliated entities.

Our current holding company, Renren Inc., was incorporated in February 2006 in the Cayman Islands under our prior name, Oak Pacific Interactive, or OPI. Through a corporate restructuring, in March 2006, CIAC's shareholders exchanged all of their outstanding ordinary and preferred shares of CIAC for ordinary and preferred shares of OPI on a pro rata basis. As a result, OPI acquired all of the equity interests in CIAC and CIAC became a wholly owned subsidiary of OPI. In December 2010, we changed our corporate name from Oak Pacific Interactive to Renren Inc.

On March 25, 2011, we implemented a ten-for-one share split. Except as otherwise indicated, all information in this prospectus concerning share and per share data gives retroactive effect to the ten-for-one share split.

To focus on our SNS and social commerce services in China, we disposed Mop.com and Gummy Inc. to Oak Pacific Holdings in December 2010. Oak Pacific Holdings is a company owned by some of our shareholders, including Mr. Joseph Chen, our founder, chairman and chief executive officer, and Mr. James Jian Liu, our director and chief operating officer. For more information on the sale of Mop.com and Gummy Inc. to Oak Pacific Holdings, see [Related Party Transactions](#) [Disposal of Mop.com and Gummy Inc.](#)

Applicable PRC laws and regulations currently restrict foreign ownership of companies that provide value-added telecommunications services. To comply with these foreign ownership restrictions, our wholly owned subsidiary Qianxiang Shiji has entered into a series of contractual arrangements with Qianxiang Tiancheng, and we conduct our operations in China principally through Qianxiang Tiancheng and its three wholly owned subsidiaries, Qianxiang Wangjing, Beijing Nuomi and Qianxiang Changda, which we treated as our consolidated affiliated entities in China.

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The following diagram illustrates our anticipated shareholding, voting and corporate structure immediately after the completion of this offering, assuming (i) the underwriters do not exercise their over-allotment option to purchase additional ADSs, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price range of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus:

- (1) Consists of 270,258,970 Class B ordinary shares. Class B ordinary shares have the same rights as Class A ordinary shares except (i) in all matters subject to shareholder vote, Class B ordinary shares are entitled to ten votes whereas Class A ordinary shares are entitled to one vote, and (ii) conversion rights. For a description of Class A ordinary shares and Class B ordinary shares, see Description of Share Capital.
- (2) Consists of 270,258,971 Class A ordinary shares and 135,129,480 Class B ordinary shares.

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(3) Qianxiang Tiancheng and its three wholly owned subsidiaries, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi, are our consolidated affiliated entities in China. Qianxiang Tiancheng is 99% owned by Ms. Jing Yang, who is the wife of Mr. Joseph Chen, our founder, chairman and chief executive officer, and 1% owned by Mr. James Jian Liu, our executive director and chief operating officer. We effectively control Qianxiang Tiancheng and its three subsidiaries through contractual arrangements.

The business operation of Qianxiang Shiji is within the approved business scope as set forth in its business license, which includes research and development of computer software, communication software and system integration; sale of self-produced products; provision of after-sale technical consulting and services. Qianxiang Tiancheng is a limited liability companies established in China. Its approved business scope includes the provision of internet information, internet advertising and advertising agency services, and it holds an internet content provision license, or ICP license. As of the date of this prospectus, Qianxiang Tiancheng is 99% owned by Ms. Jing Yang, who is the wife of Mr. Joseph Chen, our founder, chairman and chief executive officer, and 1% owned by Mr. James Jian Liu, our executive director and chief operating officer. Both Ms. Yang and Mr. Liu are PRC citizens.

Qianxiang Tiancheng has three wholly owned subsidiaries, namely Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi. Qianxiang Wangjing is the operator of our renren.com website and holds the licenses and permits necessary to conduct our real name social networking services, online advertising and online game business in China. Beijing Nuomi is the operator of our nuomi.com website and holds the licenses and permits necessary to conduct our social commerce business in China. Qianxiang Changda is an online advertising company that plans to apply for the licenses and permits necessary to conduct our social networking services and online games business.

Our wholly owned subsidiary Qianxiang Shiji has entered into a series of contractual arrangements with Qianxiang Tiancheng and its shareholders, which enable us to:

exercise effective control over Qianxiang Tiancheng and its subsidiaries through powers of attorney and a business operations agreement;

receive substantially all of the economic benefits of Qianxiang Tiancheng and its subsidiaries in the form of service and license fees in consideration for the technical services provided, and the intellectual property rights licensed, by Qianxiang Shiji; and

have an exclusive option to purchase all of the equity interests in Qianxiang Tiancheng when and to the extent permitted under PRC laws, regulations and legal procedures.

We do not have any equity interest in our consolidated affiliated entities. However, we have been and are expected to continue to be dependent on our consolidated affiliated entities to operate our business as long as PRC law does not allow us to directly operate such business in China. We rely on our consolidated affiliated entities to maintain or renew their respective qualifications, licenses or permits necessary for our business in China. We believe that under our contractual arrangements, we have substantial control over our consolidated affiliated entities and their respective shareholders to renew, revise or enter into new contractual arrangements prior to the expiration of the current arrangements on terms that would enable us to continue to operate our business in China after the expiration of the current arrangements, or pursuant to certain amendments and changes of the current applicable PRC laws, regulations and rules on terms that would enable us to continue to operate our business in China legally. For a detailed description of the regulatory environment that necessitates the adoption of our corporate structure, see the section in this prospectus headed **Regulation**. For a detailed description of the risks associated with our corporate structure and the contractual arrangements that support our corporate structure, see **Risk Factors Risks Related to Our Corporate Structure**.

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Contractual Arrangements with Our Consolidated Affiliated Entities

The following is a summary of the currently effective contracts among our subsidiary Qianxiang Shiji, our consolidated affiliated entity Qianxiang Tiancheng, and the shareholders of Qianxiang Tiancheng.

Agreements that Provide Us Effective Control over Qianxiang Tiancheng

Business Operations Agreement. Pursuant to a business operations agreement among Qianxiang Shiji, Qianxiang Tiancheng and its shareholders, Qianxiang Tiancheng shall appoint the candidates designated by Qianxiang Shiji as the executive director or directors, general manager, chief financial officer and any other senior officers of Qianxiang Tiancheng. Qianxiang Tiancheng agrees to follow the proposal provided by Qianxiang Shiji from time to time relating to employment, daily operation and financial management. Without Qianxiang Shiji's prior written consent, Qianxiang Tiancheng shall not conduct any transaction that may materially affect its assets, obligations, rights or operations, including but not limited to, (i) incurrence or assumption of any indebtedness, (ii) sale or purchase of any assets or rights, (iii) incurrence of any encumbrance on any of its assets or intellectual property rights in favor of a third party, or (iv) transfer of any rights or obligations under this agreement to a third party. The term of this agreement is ten years and will be extended automatically for another ten years unless Qianxiang Shiji provides a written notice requesting not to extend the term three months prior to the expiration date. Qianxiang Shiji may terminate the agreement at any time by providing a 30-day advance written notice to Qianxiang Tiancheng and to each of its shareholders. Neither Qianxiang Tiancheng nor any of its shareholders may terminate this agreement during the term or the extension of the term, if applicable.

Powers of Attorney. Pursuant to powers of attorney, the shareholders of Qianxiang Tiancheng each irrevocably appointed our executive director and chief operating officer, Mr. James Jian Liu (the person designated by Qianxiang Shiji) as their attorney-in-fact to vote on their behalf on all matters of Qianxiang Tiancheng that requires shareholder approval under PRC laws and regulations as well as Qianxiang Tiancheng's articles of association. The appointment of Mr. Liu is conditional upon his being the employee and the designated person of Qianxiang Shiji. Each power of attorney will remain in force for ten years until the earlier of the following events: (i) Mr. Liu loses his position in Qianxiang Shiji or Qianxiang Shiji issues a written notice to dismiss or replace Mr. Liu; and (ii) the business operations agreement among Qianxiang Shiji, Qianxiang Tiancheng and its shareholders terminates or expires.

Spousal Consent Letters. Pursuant to spousal consent letters, the spouse of each of the shareholders of Qianxiang Tiancheng acknowledged that certain equity interests of Qianxiang Tiancheng held by and registered in the name of his/her spouse will be disposed of pursuant to the equity option agreements. These spouses understand that such equity interests are held by their respective spouse on behalf of Qianxiang Shiji, and they will not take any action to interfere with the disposition of such equity interests, including, without limitation, claiming that such equity interests constitute communal property of marriage.

Agreements that Transfer Economic Benefits to Us

Exclusive Technical Service Agreement. Pursuant to an exclusive technical service agreement between Qianxiang Shiji and Qianxiang Tiancheng, Qianxiang Shiji has the exclusive right to provide technical services relating to, among other things, maintenance of servers, development, updating and upgrading of web-user application software, e-commerce technical services, and certain other business areas to Qianxiang Tiancheng. Without Qianxiang Shiji's prior written consent, Qianxiang Tiancheng shall not engage any third party to provide any of the technical services under this agreement. In addition, Qianxiang Shiji exclusively owns all intellectual property rights resulting from the performance of this agreement. Qianxiang Tiancheng agrees to pay a service fee to Qianxiang Shiji at a specific fee rate proposed by Qianxiang Shiji. Qianxiang Shiji shall have the right to adjust at any time the fee rate based on the quantity, difficulty and urgency of the services it provides to Qianxiang Tiancheng and other factors. The term of this agreement is ten years and will be extended automatically for another ten years unless terminated by Qianxiang Shiji's written notice three months prior to the expiration of the term. Qianxiang Shiji can terminate the agreement at any time by providing a 30-day prior

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written notice. Qianxiang Tiancheng is not permitted to terminate this agreement prior to the expiration of the term, unless Qianxiang Shiji fails to comply with any of its obligations under this agreement and such breach makes Qianxiang Shiji unable to continue to perform this agreement.

Intellectual Property Right License Agreement. Pursuant to an intellectual property right license agreement between Qianxiang Shiji and Qianxiang Tiancheng, Qianxiang Shiji grants a non-exclusive and non-transferable license, without sublicense rights, to Qianxiang Tiancheng to use certain of the domain names, registered trademarks and non-patent technology (software) owned by Qianxiang Shiji. Qianxiang Tiancheng may only use the intellectual property rights in its own business operations. The amount, payment method and classification of the license fees under this agreement shall be determined based on the precondition that they facilitate Qianxiang Shiji's securing of all preferential treatments under the PRC tax policies and shall be agreed by both Qianxiang Shiji and Qianxiang Tiancheng considering, among others, the following factors: (i) the number of users purchasing Qianxiang Tiancheng's products or receiving Qianxiang Tiancheng's services; and (ii) the types and quantity of the intellectual property rights, which are specified under this agreement, actually used by Qianxiang Tiancheng for selling products or providing services to its users. The term of this agreement is five years, and will be extended for another five years with both parties' consents. Qianxiang Shiji may terminate this agreement at any time by providing a 30-day prior written notice. Any party may terminate this agreement immediately with written notice to the other party if the other party materially breaches the relevant agreement and fails to cure its breach within 30 days from the date it receives the written notice specifying its breach from the non-breaching party. The parties will review this agreement every three months and determine if any amendment is needed.

Equity Interest Pledge Agreements. Pursuant to equity interest pledge agreements between Qianxiang Shiji and each of the shareholders of Qianxiang Tiancheng, the shareholders of Qianxiang Tiancheng pledge all of their equity interests in Qianxiang Tiancheng to Qianxiang Shiji, to guarantee Qianxiang Tiancheng and its shareholders' performance of their obligations under, where applicable, (i) the loan agreements, (ii) the exclusive technical service agreement, (iii) the intellectual property right license agreement and (iv) the equity option agreements. If Qianxiang Tiancheng and/or any of its shareholders breach their contractual obligations under the aforesaid agreements, Qianxiang Shiji, as the pledgee, will be entitled to certain rights and entitlements, including the priority in receiving payments by the evaluation or proceeds from the auction or sale of whole or part of the pledged equity interests of Qianxiang Tiancheng in accordance with legal procedures. Without Qianxiang Shiji's prior written consent, shareholders of Qianxiang Tiancheng shall not transfer or assign the pledged equity interests, or incur or allow any encumbrance that would jeopardize Qianxiang Shiji's interests. During the term of this agreement, Qianxiang Shiji is entitled to collect all of the dividends or other distributions, if any, derived from the pledged equity interests. The equity interest pledge will be effective upon the completion of the registration of the pledge with the competent local branch of the SAIC, and expire on the earlier of: (i) the date on which Qianxiang Tiancheng and its shareholders have fully performed their obligations under the loan agreements, the exclusive technical service agreement, the intellectual property right license agreement and the equity option agreements; (ii) the enforcement of the pledge by Qianxiang Shiji pursuant to the terms and conditions under this agreement to fully satisfy its rights under such agreements; or (iii) the completion of the transfer of all equity interests of Qianxiang Tiancheng by the shareholders of Qianxiang Tiancheng to another individual or legal entity designated by Qianxiang Shiji pursuant to the equity option agreement and no equity interest of Qianxiang Tiancheng is held by such shareholders. We have registered the pledge of the equity interests in Qianxiang Tiancheng with the competent local branch of the SAIC. To date, Qianxiang Tiancheng and its shareholders have fully performed their obligations under the relevant agreements but such obligations will remain binding until the expiration of the terms of such agreements, which are generally ten years subject to automatic renewal for an additional ten-year term or earlier termination as set forth in such agreements.

Agreements that Provide Us the Option to Purchase the Equity Interests in Qianxiang Tiancheng

Equity Option Agreements. Pursuant to equity option agreements between Qianxiang Shiji and each of the shareholders of Qianxiang Tiancheng, Qianxiang Tiancheng's shareholders granted Qianxiang Shiji or its designated representative(s) an exclusive option to purchase, to the extent permitted under PRC law, all or part of

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their equity interests in Qianxiang Tiancheng in consideration of the loans extended to Qianxiang Tiancheng's shareholders under the loan agreements mentioned below. In addition, Qianxiang Shiji has the option to acquire the equity interests of Qianxiang Tiancheng at the lowest price then permitted by PRC law in consideration of the cancellation of all or part of the loans extended to the shareholders of Qianxiang Tiancheng under the loan agreements. Qianxiang Shiji or its designated representative(s) have sole discretion as to when to exercise such options, either in part or in full. Qianxiang Shiji or its designated representative(s) is entitled to exercise the options for unlimited times until all of the equity interests of Qianxiang Tiancheng have been acquired, and can be freely transferred, in whole or in part, to any third party. Without Qianxiang Shiji's consent, Qianxiang Tiancheng's shareholders shall not transfer, donate, pledge, or otherwise dispose their equity shareholdings in Qianxiang Tiancheng in any way. The equity option agreement will remain in full force and effect until the earlier of: (i) the date on which all of the equity interests in Qianxiang Tiancheng have been acquired by Qianxiang Shiji or its designated representative(s); or (ii) the receipt of the 30-day advance written termination notice issued by Qianxiang Shiji to the shareholders of Qianxiang Tiancheng. The key factors for our decision to exercise the option are whether the current regulatory restrictions on foreign investment in the value-added telecommunications services, online game business and advertising business will be relaxed in the future, which is rather unpredictable at the moment. If such restrictions are relaxed, we will, through Qianxiang Shiji, exercise the option and purchase all or part of the equity interests in Qianxiang Tiancheng.

Loan Agreements. Under loan agreements between Qianxiang Shiji and each of the shareholders of Qianxiang Tiancheng, Qianxiang Shiji made interest-free loans in an aggregate amount of RMB10.0 million to the shareholders of Qianxiang Tiancheng exclusively for the purpose of the initial capitalization and the subsequent financial needs of Qianxiang Tiancheng. The loans can only be repaid with the proceeds derived from the sale of all of the equity interests in Qianxiang Tiancheng to Qianxiang Shiji or its designated representatives pursuant to the equity option agreements. The term of the loans is ten years from the actual withdrawal of such loans by the shareholders of Qianxiang Tiancheng, and will be automatically extended for another ten years unless a written notice to the contrary is given by Qianxiang Shiji to the shareholders of Qianxiang Tiancheng three months prior to the due date.

In the opinion of TransAsia Lawyers, our PRC legal counsel:

the corporate structure of our consolidated affiliated entities and our subsidiary in China comply with all existing PRC laws and regulations;

the contractual arrangements among Qianxiang Shiji and our consolidated affiliated entity, Qianxiang Tiancheng and its shareholders, that are governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect; and

each of our PRC subsidiary and each of our consolidated affiliated entities has all necessary corporate power and authority to conduct its business as described in its business scope under its business license. The business licenses of our PRC subsidiary and each of our consolidated affiliated entities are in full force and effect. Each of our PRC subsidiary and our consolidated affiliated entities is capable of suing and being sued and may be the subject of any legal proceedings in PRC courts. To the best of TransAsia's knowledge after due inquiries, none of our PRC subsidiary, consolidated affiliated entities or their respective assets is entitled to any immunity, on the grounds of sovereignty, from any action, suit or other legal proceedings; or from enforcement, execution or attachment.

We have been advised by our PRC legal counsel, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC legal counsel. We have been further advised by our PRC counsel that if the PRC government finds that the agreements that establish the structure for operating our PRC social networking, online advertising, online games and social commerce services do not comply with PRC government restrictions on foreign investment in value-added telecommunication services, we could be subject to severe penalties, including being prohibited from continuing

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operations. See **Risk Factors** **Risks Related to Our Corporate Structure** If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet business, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations and **Risk Factors** **Risks Related to Doing Business in China** Uncertainties with respect to the PRC legal system could adversely affect us.

PRC Regulations on Loans and Direct Investment by Offshore Holding Companies

We are an offshore holding company conducting our operations in China through our PRC subsidiary and consolidated affiliated entities. PRC regulations of loans and direct investment by offshore holding companies to PRC entities may limit our use of the proceeds we expect to receive from this offering. See **Risk Factors** **Risks Related to Our Corporate Structure** PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may limit our use of the proceeds we receive from this offering to fund our expansion or operations.

Our Shareholding and Voting Structure

In April 2011, our shareholders approved a dual-class ordinary share structure, which will become effective immediately prior to the closing of this offering. Contemporaneously with the closing of this offering, (i) 25,571,420 series A preferred shares, 70,701,580 series B preferred shares and 173,985,970 ordinary shares held by Mr. Joseph Chen, our founder, chairman and chief executive officer, will be converted into Class B ordinary shares on a one-for-one basis, (ii) 135,129,480 preferred shares held by SB Pan Pacific Corporation will be converted into Class B ordinary shares on a one-for-one basis, and (iii) all of the remaining ordinary and preferred shares will be converted into Class A ordinary shares on a one-for-one basis. The ADSs being sold in this offering represent Class A ordinary shares, and all ordinary shares issued after the closing of this offering will be Class A ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. In respect of matters requiring a shareholders' vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance. Class B ordinary shares will automatically convert into the same number of Class A ordinary shares under certain circumstances. For a description of Class A ordinary shares and Class B ordinary shares, see **Description of Share Capital**.

The following diagram illustrates our shareholding and voting structure immediately after the completion of this offering, assuming (i) the underwriters do not exercise their over-allotment option to purchase additional ADSs, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus:

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SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial information for the periods and as of the dates indicated should be read in conjunction with our audited consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

Our selected consolidated statement of operations data presented below for the years ended December 31, 2008, 2009 and 2010 and our selected consolidated balance sheet data as of December 31, 2009 and 2010 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our balance sheet data as of December 31, 2008 has been derived from our audited financial statements not included elsewhere in this prospectus. Our audited consolidated financial statements are prepared in accordance with U.S. GAAP and have been audited by Deloitte Touche Tohmatsu CPA Ltd., an independent registered public accounting firm. We were incorporated in February 2006 and our SNS website, originally www.xiaonei.com, was launched in October 2005. This website was subsequently renamed www.renren.com in August 2009. We have not included financial information for the two years ended December 31, 2007, as such information is not available on a basis that is consistent with the consolidated financial information for the years ended December 31, 2008, 2009 and 2010, and cannot be provided on a U.S. GAAP basis without unreasonable effort or expense. Our historical results do not necessarily indicate results expected for any future periods.

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	2008	Year ended December 31, 2009 (in thousands of US\$, except for share, per share and per ADS data)	2010
Selected Consolidated Statement of Operations Data:			
Net revenues	\$ 13,782	\$ 46,684	\$76,535
Cost of revenues	5,667	10,379	16,624
Gross profit	8,115	36,305	59,911
Operating expenses ⁽¹⁾ :			
Selling and marketing	7,111	19,375	20,281
Research and development	4,921	12,937	23,699
General and administrative	4,045	6,510	7,511
Impairment of intangible assets		211	739
Total operating expenses	16,077	39,033	52,230
(Loss) gain from operations	(7,962)	(2,728)	7,681
Change in fair value of warrants	72,875	(68,184)	(74,364)
Exchange (loss) gain on dual currency deposit	(12,908)	1,673	3,781
Interest income	801	288	335
Realized gain on marketable securities		755	
Gain on disposal of cost of method investment			40
Impairment of cost method investment	(350)		
Income (loss) before provision for income tax and loss in equity method investment, net of income taxes	52,456	(68,196)	(62,527)
Income tax (expenses) benefit	(523)	31	1,332
Income (loss) before loss in equity method investment, net of income taxes	51,933	(68,165)	(61,195)
Losses in equity method investment, net of income taxes	(41)	(102)	
Income (loss) from continuing operations	51,892	(68,267)	(61,195)
Discontinued operations:			
Loss from discontinued operations, net of tax	(2,740)	(2,481)	(4,301)
Gain on disposal of discontinued operations, net of tax		633	1,341
Loss on discontinued operations, net of tax	(2,740)	(1,848)	(2,960)
Net income/(loss)	49,152	(70,115)	(64,155)
Add: Net loss attributable to the noncontrolling interest	185		
Net income/(loss) attributable to Renren Inc.	\$ 49,337	\$ (70,115)	\$(64,155)
Net income (loss) per share:			
Income (loss) from continuing operations per share attributable to Renren Inc. shareholders:			
Basic	\$ 0.00	\$ (0.34)	\$ (0.30)
Diluted	\$ 0.00	\$ (0.34)	\$ (0.30)
Loss from discontinued operations per share attributable to Renren Inc. shareholders:			
Basic	\$ (0.01)	\$ (0.01)	\$ (0.01)

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Diluted	\$	(0.01)	\$	(0.01)	\$	(0.01)
Net loss per share attributable to Renren Inc. shareholders:						
Basic	\$	(0.01)	\$	(0.35)	\$	(0.31)
Diluted	\$	(0.01)	\$	(0.35)	\$	(0.31)
Net loss per ADS⁽²⁾:						
Basic	\$	(0.02)	\$	(1.03)	\$	(0.94)
Diluted	\$	(0.02)	\$	(1.03)	\$	(0.94)
Weighted average number of shares used in calculating net income (loss)						
per ordinary share:						
Basic		247,587,070		250,730,367		244,613,530
Diluted		251,533,130		250,730,367		244,613,530

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	2010		
	(in thousands of US\$)		
Loss from continuing operations	\$ (10,662)	\$ (34,235)	\$ (2,600)
Add back: Share-based compensation expenses	641	796	1,325
Add back: Change in fair value of warrants	10,512	37,722	
Add back: Amortization of intangible assets	154	176	175
Add back: Impairment of intangible assets		739	
Adjusted net income (loss)	\$ 645	\$ 5,198	\$ (1,100)

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Net revenues. Our net revenues for the three months ended March 31, 2011 were US\$20.6 million, a 46.6% increase from US\$14.0 million for the three months ended March 31, 2010 and a 1.7% decrease from US\$20.9 million for the three months ended December 31, 2010. The change in net revenues as compared to the three months ended March 31, 2010 was due to the change in both our online advertising revenues and IVAS revenues.

Online advertising. Our online advertising revenues increased by 100.5% from US\$4.1 million for the three months ended March 31, 2010 to US\$8.1 million for the three months ended March 31, 2011. This increase was attributable to the growth of our SNS platform and user base and therefore the increased use of our platform by advertisers to reach our users. The number of our activated users increased from approximately 91 million as of March 31, 2010 to approximately 117 million as of March 31, 2011, and our monthly unique log-in users increased from approximately 23 million in March 2010 to approximately 31 million in March 2011. We were able to effectively increase the average spending per advertiser by selling more advertising time and space to advertisers during the period and increase the effective average price for our advertising time and space.

Our online advertising revenues decreased by 9.7% from US\$9.0 million for the three months ended December 31, 2010. Such decrease was due to the seasonal fluctuations of our online advertising business. We generally generate less revenues from online advertising during the first quarter of each year due to the slowdown of business during the Chinese New Year holiday season that lasts approximately two weeks.

IVAS. Our IVAS revenues increased by 24.7% from US\$10.0 million for the three months ended March 31, 2010 to US\$12.4 million for the three months ended March 31, 2011. Compared to the three months ended December 31, 2010, our IVAS revenues increased by 4.4% from US\$11.9 million for the three months ended December 31, 2010. The increase in IVAS revenues was due to increases in both online games revenues and other IVAS revenues.

Online games revenues was US\$9.1 million for the three months ended March 31, 2011, an increase of 11.3% from US\$8.2 million for the three months ended March 31, 2010 and an increase of 6.2% from US\$8.6 million for the three months ended December 31, 2010. The increases were due to the increases in the revenues generated from both self-developed games and third-party developed games. The number of third-party developed games we offered increased from 13 as of March 31, 2010 to 28 as of December 31, 2010 and to 30 as of March 31, 2011. For our self-developed games, we had approximately 217 thousand active paying accounts for the three months ended March 31, 2011, compared to approximately 230 thousand active paying accounts for the three months ended March 31, 2010 and 204 thousands active paying accounts for the three months ended December 31, 2010.

Other IVAS revenues was US\$3.3 million for the three months ended March 31, 2011, an increase of 87.6% from US\$1.8 million for the three months ended March 31, 2010 and a decrease of 0.3% from US\$3.3 million for the three months ended December 31, 2010. The increase as compared with the three months ended March 31, 2010 was due to increases in revenues from paid applications, VIP memberships, social commerce services and other value-added services we provided to our customers. Revenues from paid applications and VIP memberships were US\$1.4 million for the three months ended March 31, 2010, US\$1.9 million for the three months ended December 31, 2010, and increased to US\$2.0 million for the three months ended March 31, 2011. Such increase in revenues from paid applications and VIP memberships were a result of the further monetization our platform during the period, as evidenced by the increase in our IVAS active paying users. Our IVAS quarterly paying users

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amounted to approximately 473,000 in the three months ended March 31, 2011, increased from approximately 449,000 in the three months ended March 31, 2010 and approximately 418,000 in the three months ended December 31, 2010. Revenues derived from our social commerce services increased from nil for the three months ended March 31, 2010 to US\$0.9 million for the three months ended March 31, 2011. As of March 31, 2011, we had 2.8 million registered Nuomi users, including 1.3 million paying users, compared to approximately 1.6 million registered Nuomi users, including approximately 0.7 million paying users as of December 31, 2010.

Cost of revenues. Our cost of revenues for the three months ended March 31, 2011 was US\$4.1 million, a 14.4% increase from US\$3.6 million for the three months ended March 31, 2010 and a 3.6% decrease from US\$4.2 million for the three months ended December 31, 2010. As a percentage of our total net revenues, our cost of revenues decreased from 25.4% for the three months ended March 31, 2010, to 20.2% for the three months ended December 31, 2010 and to 19.8% for the three months ended March 31, 2011.

Operating expenses. Operating expenses for the three months ended March 31, 2011 were US\$21.2 million, an 88.6% increase from US\$11.2 million for the three months ended March 31, 2010 and a 47.5% increase from US\$14.3 million for the three months ended December 31, 2010. The increase was due to increases in our selling and marketing expenses, research and development expenses and general and administrative expenses. Selling and marketing expenses for the three months ended March 31, 2011 were US\$9.8 million, compared to US\$4.9 million for the three months ended March 31, 2010 and US\$4.8 million for the three months ended December 31, 2010. Research and development expenses were US\$8.4 million for the three months ended March 31, 2011, compared to US\$4.7 million for the three months ended March 31, 2010 and US\$7.1 million for the three months ended December 31, 2010. General and administrative expenses were US\$3.0 million for the three months ended March 31, 2011, compared to US\$1.7 million for the three months ended March 31, 2010 and US\$1.7 million for the three months ended December 31, 2010. During the three months ended March 31, 2011, we substantially increased our selling and marketing expenses to carry out our brand advertisement campaign for Nuomi and expanded our research and development efforts, and as a result, our operating expenses as a percentage of our net revenues increased from 80.0% for the three months ended March 31, 2010 to 102.9% for the three months ended March 31, 2011. Our total operating expenses for the three months ended March 31, 2011 included share-based compensation expenses of US\$1.3 million, compared to US\$0.6 million for the three months ended March 31, 2010 and US\$0.8 million for the three months ended December 31, 2010.

Loss from continuing operations. Loss from continuing operations for the three months ended March 31, 2011 was US\$2.6 million, compared to US\$10.7 million for the three months ended March 31, 2010 and US\$34.2 million for the three months ended December 31, 2010.

Adjusted net income/loss (Non-GAAP). Our adjusted net loss for the three months ended March 31, 2011 was US\$1.1 million, as compared to US\$0.6 million adjusted net income for the three months ended March 31, 2010 and US\$5.2 million adjusted net income for the three months ended December 31, 2010. Our US\$1.1 million adjusted net loss for the three months ended March 31, 2011 reflected an aggregate amount of US\$1.5 million in non-cash expenses for share-based compensation and amortization of intangible assets being added back to our US\$2.6 million loss from continuing operations. Our US\$0.6 million adjusted net income for the three months ended March 31, 2010 reflected an aggregate amount of US\$11.3 million in non-cash expenses consisting of the change in fair value of our then outstanding series D warrants, share-based compensation expenses and amortization of intangible assets being added back to our US\$10.7 million loss from continuing operations. Our US\$5.2 million adjusted net income for the three months ended December 31, 2010 reflected an aggregate amount of US\$39.4 million in non-cash expenses consisting of the change in fair value of our then outstanding series D warrants, share-based compensation expenses, and amortization of intangible assets and impairment of intangible assets being added back to our US\$34.2 million loss from continuing operations. Adjusted net income (loss) is a non-GAAP financial measure. See Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measure for more information.

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Net loss. Net loss for the three months ended March 31, 2011 was US\$2.6 million, compared to US\$12.1 million for the three months ended March 31, 2010 and US\$33.9 million for the three months ended December 31, 2010.

As of March 31, 2011, we had US\$334.8 million in cash and cash equivalents and US\$44.5 million in short-term investments. As of March 31, 2011, our total bank borrowings and outstanding debt notes were nil.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section headed "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

We operate the leading real name social networking internet platform in China as measured by total page views and total user time spent on social networking websites in February 2011, based on data issued in March 2011 by iResearch. Our platform enables our users to connect and communicate with each other, share information and user-generated content, play online games, listen to music, shop for deals and enjoy a wide range of other features and services. We had approximately 117 million activated users as of March 31, 2011. We believe our users are attracted to our large and highly engaged real name community, the broad range of rich communication features and functions, our information and content-sharing features, our offering of a variety of online games and other applications and services. Our platform includes renren.com, which is our main social networking website, game.renren.com, which is our online games center, nuomi.com, which is our social commerce website, as well as jingwei.com, which is our newly launched professional and business social networking service website.

We currently generate revenues from online advertising and IVAS. Our online advertising revenues are derived from a wide range of formats and solutions, which collectively accounted for 49.2%, 39.4% and 41.8% of our total net revenues in 2008, 2009 and 2010, respectively, and our IVAS revenues accounted for 50.8%, 60.6% and 58.2% of our total net revenues in 2008, 2009 and 2010, respectively. Our IVAS revenues are comprised of online games revenues and other IVAS revenues. The substantial majority of our IVAS revenues are derived from online games, and the substantial majority of our online games revenues are generated from users' purchases of in-game virtual items offered on game.renren.com. Other IVAS revenues include revenues we earn from merchants who offer services and products on nuomi.com, paid applications on our Renren Open Platform program and VIP memberships.

In late 2008, due to regulatory changes to the operating environment of wireless value-added services, or WVAS, we decided to exit our WVAS business. We discontinued the majority of our WVAS business in 2009 and the remainder in 2010. We received in aggregate approximately US\$0.8 million in proceeds from the sale of our WVAS business to unrelated third parties in 2009. In addition, to further focus on our leading social networking internet platform in China, in December 2010 we sold all of our equity interests in Mop.com, an internet community website in China, and Gummy Inc., a social internet games provider in Japan, to Oak Pacific Holdings, a company owned by some of our shareholders. For more information, see "Related Party Transactions - Disposal of Mop.com and Gummy Inc." The aggregate consideration for the sale of Mop.com and Gummy Inc. was approximately US\$18.1 million, and was determined based on a valuation prepared with the assistance of an independent valuation firm. The financial results associated with our WVAS business and with Mop.com and Gummy Inc. have been presented as discontinued operations for all periods presented in this prospectus.

Our total net revenues increased from US\$13.8 million in 2008 to US\$46.7 million in 2009 and to US\$76.5 million in 2010, representing a CAGR of 135.7% from 2008 to 2010. We had net income from continuing operations of US\$51.9 million, a net loss from continuing operations of US\$68.3 million and a net loss from continuing operations of US\$61.2 million in 2008, 2009 and 2010, respectively. Our net income and net losses from our continuing operations reflect the aggregate impact of non-cash items relating to the change in fair value

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the number of users visiting our websites, including game.renren.com and nuomi.com, and the amount of IVAS they consume;

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we hired our chief financial officer, a director of strategic development, a project management director of our game development department, a director of our network sales department and other senior management. These senior and experienced personnel improved (i) our operating efficiency, cost control measures and financial forecasting procedures; (ii) the visibility of our business development; and (iii) our understanding of user experience, which strengthened our ability to attract more users; and

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we introduced a number of new business initiatives to accelerate the growth of our business, including chewen.com, an LBS service and Renren Music; and

the number of our unique mobile log-in users reached 30% of our total unique log-in users, which increased our confidence in the ability of our business to benefit from the growth of the mobile internet industry in China;

we expected to receive US\$198 million due to the exercise of tranche 4 series D warrants by their holder near the end of December 2010, which demonstrated the confidence of a major shareholder in our business and also provided additional funding to accelerate our business growth; and

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facto management bodies as establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.

Despite the uncertainties resulting from limited PRC tax guidance on the issue, we do not believe that our legal entities organized outside of the PRC constitute residents under the New EIT Law. If one or more of our legal entities organized outside of the PRC were characterized as PRC tax residents, the impact would adversely affect our results of operations. See [Risk Factors](#) [Risk Related to Doing Business in China](#) Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain recognized by such shareholders or ADS holders, may be subject to PRC taxes under the New EIT Law, which would have a material adverse effect on our results of operations.

Based on our analysis of the facts related to our corporate restructuring in 2005 and 2006, we do not believe that we should be treated as a United States corporation for United States federal income tax purposes. However, as there is no direct authority on how the relevant rules of the Code might apply to us, our company's conclusion is not free from doubt. Therefore, our conclusion may be challenged by the United States tax authorities and a finding that we owe additional United States taxes could substantially reduce the value of your investment in our company. If the United States taxing authorities successfully treated our company as a United States domestic corporation, our company would be subject to United States federal income tax on its worldwide taxable income as if it were a United States corporation. For more information, please refer to [Risk Factors](#) [Risks Related to Our Corporate Structure and the Regulation of Our Business](#) If we are required to pay U.S. taxes, the value of your investment in our company could be substantially reduced .

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Loss on discontinued operations, net of tax	(2,740)	(1,848)	(2,960)
Net income (loss)			
	49,152	(70,115)	(64,155)
Add: Net loss attributable to the noncontrolling interest	185		
Net income (loss) attributable to Renren Inc.	\$ 49,337	\$ (70,115)	\$ (64,155)

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financial measure because it is used by our management to evaluate our operating performance, in addition to income (loss) from continuing operations prepared in accordance with U.S. GAAP. We also believe it is useful supplemental information for investors and analysts to assess our operating performance without the effect of non-cash share-based compensation expenses, change in fair value of warrants, amortization of intangible assets and impairment of intangible assets. Pursuant to U.S. GAAP, we recognized the change in fair value of the then outstanding series D warrants in the statement of operations for the periods presented. All outstanding warrants to purchase series D preferred shares were exercised in December 2010.

The use of adjusted net income (loss) has material limitations as an analytical tool. One of the limitations of using this non-GAAP financial measure is that it does not include share-based compensation expenses, which have been and will continue to be significant recurring factors in our business. In addition, although amortization is a non-cash charge, the assets being amortized often will have to be replaced in the future, and adjusted net income (loss) does not reflect any cash requirements for such replacements. Further, because adjusted net income (loss) is not calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies. In light of the foregoing limitations, you should not consider adjusted net income (loss) as a substitute for or superior to income (loss) from continuing operations prepared in accordance with U.S. GAAP. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The following table sets forth the calculation of our adjusted net income (loss), which is determined by adding back to our income (loss) from continuing operations presented in accordance with U.S. GAAP (i) share-based compensation expenses, (ii) change in fair value of warrants, (iii) amortization of intangible assets and (iv) impairment of intangible assets.

	2008	Year ended December 31, 2009 (in thousands of US\$)	2010
Net income/(loss) from continuing operations	\$ 51,892	\$ (68,267)	\$ (61,195)
Add back: share-based compensation expenses	1,232	2,256	2,798
Add back: change in fair value of warrants	(72,875)	68,184	74,364
Add back: amortization of intangible assets	412	608	673
Add back: impairment of intangible assets		211	739
Adjusted net income/(loss)	\$ (19,339)	\$ 2,992	\$ 17,379

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The following table sets forth our contractual obligations as of December 31, 2010:

	Total	Payment Due by Period			More than 5 years
		Less than 1 year	1-3 years	3-5 years	
Operating lease obligations ⁽¹⁾	9,016	9,006	10		

(in thousands of US\$)

(1) We lease facilities and offices under non-cancelable operating lease agreements. In addition, we pay telecommunications carriers and other service providers for telecommunications services and for hosting its servers at their internet data centers under non-cancelable agreements, which are treated as operating leases.

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through our wholly owned subsidiary in China, Qianxiang Shiji, and our consolidated affiliated entities in China, Qianxiang Tiancheng, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi. Under PRC law, Qianxiang Shiji and each of our consolidated affiliated entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. Qianxiang Shiji is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations.

After Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi make appropriations for their respective statutory reserves and retain any profits, each of their remaining net profits are distributable to their sole shareholder, Qianxiang Tiancheng, in the form of an RMB dividend. Pursuant to the contractual arrangements between Qianxiang Tiancheng and Qianxiang Shiji, Qianxiang Tiancheng's earnings and cash (including dividends received from its subsidiaries) are used to pay service and license fees in RMB to Qianxiang Shiji, in the manner and amount set forth in these agreements. After paying the withholding taxes applicable to Qianxiang Shiji's revenue and earnings, making appropriations for its statutory reserve requirement and retaining any profits from accumulated profits, the remaining net profits of Qianxiang Shiji would be available for distribution to its sole shareholder, CIAC, and from CIAC to us, although we have not, and do not have any present plan to make such distributions. As of December 31, 2010, the net assets of Qianxiang Shiji and our consolidated affiliated entities which were restricted due to statutory reserve requirements and other applicable laws and regulations, and thus not available for distribution, was in aggregate US\$29.8 million, and the net assets of Qianxiang Shiji and our consolidated affiliated entities which were unrestricted and thus available for distribution was in aggregate US\$11.1 million. We do not believe that these restrictions on the distribution of our net assets will have a significant impact on our ability to timely meet our financial obligations in the future.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Table of Contents***Interest Risk***

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Recent Accounting Pronouncements

In September 2009, the FASB issued an authoritative pronouncement regarding the revenue arrangements with multiple deliverables. This pronouncement was issued in response to practice concerns related to the accounting for revenue arrangements with multiple deliverables under existing pronouncement. Although the new pronouncement retains the criteria from existing authoritative literature when delivered items in a multiple-deliverable arrangement should be considered separate units of accounting, it removes the previous separation criterion that objective and reliable evidence of the fair value of any undelivered items must exist for the delivered items to be considered a separate unit or separate units of accounting. The new pronouncement is effective for fiscal years beginning on or after June 15, 2010. Entities can elect to apply this pronouncement (1) prospectively to new or materially modified arrangements after the pronouncement's effective date or (2) retrospectively for all periods presented. Early application is permitted; however, if the entity elects prospective application and early adopts this pronouncement after its first interim reporting period, it must also do the following in the period of adoption: (1) retrospectively apply this pronouncement as of the beginning of that fiscal year and (2) disclose the effect of the retrospective adjustments on the prior interim periods' revenue, income before taxes, net income, and earnings per share. We are in the process of evaluating what effect the adoption of this pronouncement will have on our consolidated financial condition and results of operations.

In September 2009, the FASB issued an authoritative pronouncement regarding software revenue recognition. This new pronouncement amends existing pronouncement to exclude from their scope all tangible products containing both software and non-software components that function together to deliver the product's essential functionality. That is, the entire product (including the software deliverables and non-software deliverables) would be outside the scope of software revenue recognition and would be accounted for under other accounting literature. The new pronouncement include factors the entities should consider when determining whether the software and non-software components function together to deliver the product's essential functionality and are thus outside the revised scope of the authoritative literature that governs software revenue recognition. The pronouncement is effective for fiscal years beginning on or after June 15, 2010. Entities can elect to apply this pronouncement (1) prospectively to new or materially modified arrangements after the pronouncement's effective date or (2) retrospectively for all periods presented. Early application is permitted; however, if the entity elects prospective application and early adopts this pronouncement after its first interim reporting period, it must also do the following in the period of adoption: (1) retrospectively apply this pronouncement as of the beginning of that fiscal year and (2) disclose the effect of the retrospective adjustments on the prior interim periods' revenue, income before taxes, net income, and earnings per share. We are in the process of evaluating what effect the adoption of this pronouncement will have on our consolidated financial condition and results of operations.

In January 2010, the FASB issued authoritative guidance to improve disclosures about fair value measurements. This guidance amends previous guidance on fair value measurements to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurement on a gross basis rather than as a net basis as currently required. This guidance also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. This guidance is effective for annual and interim periods beginning after December 15, 2009, except for the requirement to provide the Level 3 activities of purchases, sales, issuances, and settlements on a gross basis, which will be effective for annual and interim periods beginning after December 15, 2010. Early application is permitted and in the period of initial adoption,

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entities are not required to provide the amended disclosures for any previous periods presented for comparative purposes. We do not expect the adoption of this pronouncement will have a significant effect on our consolidated financial position or results of operations.

In April 2010, the FASB issued an authoritative pronouncement regarding the milestone method of revenue recognition. The scope of this pronouncement is limited to arrangements that include milestones relating to research or development deliverables. The pronouncement specifies guidance that must be met for a vendor to recognize consideration that is contingent upon achievement of a substantive milestone in its entirety in the period in which the milestone is achieved. The guidance applies to milestones in arrangements within the scope of this pronouncement regardless of whether the arrangement is determined to have single or multiple deliverables or units of accounting. The pronouncement will be effective for fiscal years, and interim periods within those years, beginning on or after June 15, 2010. Early application is permitted. Companies can apply this guidance prospectively to milestones achieved after adoption. However, retrospective application to all prior periods is also permitted. We are in the process of evaluating what effect the adoption of this pronouncement will have on our consolidated financial condition and results of operations.

In July 2010, the FASB issued an authoritative pronouncement on disclosure about the credit quality of financing receivables and the allowance for credit losses. The objective of this guidance is to provide financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. The guidance requires an entity to provide disclosures on a disaggregated basis on two defined levels: (1) portfolio segment; and (2) class of financing receivable. The guidance includes additional disclosure requirements about financing receivables, including: (1) credit quality indicators of financing receivables at the end of the reporting period by class of financing receivables; (2) the aging of past due financing receivables at the end of the reporting period by class of financing receivables; and (3) the nature and extent of troubled debt restructurings that occurred during the period by class of financing receivables and their effect on the allowance for credit losses. For public entities, the disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. In January 2011, the FASB issued another authoritative pronouncement, which temporarily defers the effective date for disclosures about troubled debt restructurings (TDRs) by creditors until it finalizes its project on determining what constitutes a TDR for a creditor. The deferral in this amendment is effective upon issuance. The deferred TDR disclosures were slated to be effective in the first quarter of 2011 for public companies with calendar year-ends. We are in the process of evaluating what effect the adoption of this pronouncement will have on our consolidated financial condition and results of operations.

In December 2010, the FASB issued an authoritative pronouncement on when to perform Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. The amendments in this update modify Step 1 so that for those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with existing guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce that fair value of a reporting unit below its carrying amount. For public entities, the guidance is effective for impairment tests performed during entities' fiscal years (and interim periods within those years) that begin after December 15, 2010. Early adoption will not be permitted. We do not expect the adoption of this pronouncement will have a significant effect on our consolidated financial position or results of operations.

In December 2010, the FASB issued an authoritative pronouncement on disclosure of supplementary pro forma information for business combinations. The objective of this guidance is to address diversity in practice regarding the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The amendments in this update specify that if a public entity presents comparative financial

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statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, non-recurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments affect any public entity as defined by Topic 805 that enters into business combinations that are material on an individual or aggregate basis. The amendments will be effective for business combinations consummated in periods beginning after December 15, 2010, and should be applied prospectively as of the date of adoption. Early adoption is permitted. We do not expect the adoption of this pronouncement will have a significant effect on our consolidated financial position or results of operations.

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INDUSTRY BACKGROUND

The evolution of internet technology has promoted the interactivity of web-delivered content, significantly enhancing the online experience for internet users. The internet has evolved from a channel where publishers post content for passive consumption into a dynamic arena where users have become creators of content. This evolution has allowed internet users to develop more engaging online relationships. Users increasingly have the ability to contribute to each other's internet experience by generating and sharing content both as individuals as well as collaboratively. We believe that this interactivity has enabled internet users today to be more closely connected.

The Emergence of Social Networking Internet Services

Social networks, in particular, have become widely popular by allowing users to create personalized online profiles and connect with friends and other users through various online channels. By recreating real-life relationships, social networks allow users to expand their social circles beyond daily face-to-face interactions and activities. Users are now able to easily create and share information and content with their own networks of other users. We believe this advancement in user interactivity has made social networking one of the dominant forms of online media. By allowing users to navigate the vast amount of personal content available on the internet, social networks have fundamentally altered the way that users consume information and interact on the internet. Consumers are moving beyond the standardized media formats of content sites and portals and are instead using social media tools such as photo sharing, news feeds, blogs and micro-blogging to discover, share and consume personalized content. We believe that personal and professional social network communities increasingly help contribute to and define users' online experiences.

Drivers for Social Networking Internet Services in China

Internet Adoption. In China, the popularity of social networking is driven by a massive addressable user base and the growing availability of internet access across multiple platforms and devices. China already has the largest internet user and mobile user populations in the world, and is forecasted to continue growing rapidly. According to a report published in July 2010 by IDC, at the end of 2009, China's internet user population and mobile internet user population was higher than the internet user population and mobile internet user population in the United States. According to a January 2011 press release by the Ministry of Industry and Information Technology of China, at the end of 2010, China had 457 million internet users and 859 million mobile users, of which 303 million accessed the internet through their mobile devices. According to a report published in January 2011 by DCCI, between 2011 and 2015, mobile internet usage in China is projected to grow at a CAGR of 19.5% and exceed the 12.4% CAGR of traditional internet usage. Accordingly, it is expected that more people will access the internet through mobile devices than through personal computers in China by 2013. These user growth trends have given rise to social network platforms that combine both traditional internet and mobile internet channels to provide users with ubiquitous network access.

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Number of End Users in China by Media Interface

Source: DCCL, January 2011

Demographics. China has a relatively young and active internet population, with 58.2% of internet users below the age of 30 and with students comprising 30.6% of the total user population, according to a report published in January 2011 by CNNIC, or the CNNIC 2011 Report. Users spent an average of 18.3 hours per week on the internet in 2010. We believe China's young and active online demographic is particularly interested in using social networks. As the internet population in China ages and increases in size, the spending power of internet users will continue to grow, providing further monetization opportunities for social networks.

Internet Usage Trends. In China, where traditional media channels remain fragmented and under-developed, online entertainment and online communities have gained wide popularity. According to the CNNIC 2011 Report, the most popular internet activities in China include searching for information, listening to music, reading news, instant messaging and playing games. Social networks combine a number of key functions within a single offering which satisfy popular entertainment and communication preferences of users. Much of the growth and popularity in social networking internet services in China has been driven by domestic companies. Leading international social networks have largely been unable to replicate their success in the China market so far due to language barriers, government restrictions and other business factors. This is similar to the trends seen in other internet verticals such as portals, search engines and e-commerce. The dominance of domestic social networking offerings in China is likely to continue due to brand awareness, existing user engagement, understanding of the local market and the high switching cost for users who populate their profiles with personal content. While social networking has already captured a considerable share of the time Chinese internet users spend online, there is still significant potential for future growth. According to data issued in July 2010 by comScore Media Metrix, 38.4% of internet users in China engaged in online social networking as of April 2010, compared to 69.8% globally and 81.4% in the United States. Internet users in China spent 7.8% of their online time on social networking sites, compared to 13.9% globally and 11.6% in the United States in April 2010.

Usage of Real Names. We believe that the rise of social networking in China has been the result of the continuous evolution of online entertainment. Early Chinese online communities, such as instant messaging platforms or online games, were based on anonymity, with users assuming aliases or virtual identities in their interactions with other users. However, we believe that as Chinese users have become more comfortable and trusting in their interactions over the internet, the real name model has become increasingly popular. We believe the use of real names enables more robust, engaging real-life interactions amongst users and has allowed trusted social networks to gain broad acceptance in China. Real names also facilitate the sharing of content within social networks as users are more likely to accept content provided by known friends. In addition, advertisers can target specific users with relevant advertising using real names rather than general mass market advertising.

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Open Platforms. As social networks expand, providing new applications is vital to attracting new users and maintaining user engagement. Early social networks were closed communities where all applications were developed and controlled internally. By adopting an open platform strategy, certain social networks have allowed third-party developers to introduce new applications directly to users within the network. This open strategy greatly enhances the ability of social networks to offer a broad portfolio of applications to users. Third-party developers benefit through open platforms by gaining access to a large population of users to monetize their products. Popular social networks with open platforms can support synergistic ecosystems of partner companies which enhance the social network experience for users by providing the infrastructure for group applications such as social commerce and social gaming.

Mobile Social Networking. The increasing adoption of the mobile internet in China is driving a shift in social networking towards mobile devices. According to the CNNIC 2011 Report, 36.6% of mobile users in China used mobile devices to access social networks in 2010. This percentage is expected to grow in the future as users seek greater access to social networks from any location. Mobile technology will also provide opportunities to develop new services and applications such as location-based services which target users based on their physical location.

Monetization of Social Networking Internet Services

As the internet economy continues to evolve in China, new monetization models for social networks continue to emerge, driven by the growth of social networking users, the increasing propensity for social networking users to spend time online and the increasing adoption of the internet as a platform for commerce.

Online Advertising

As the scale of internet usage continues to grow in China, the internet is expected to surpass newspapers as the second largest advertising medium after television by 2011. The internet overcomes many limitations of traditional media advertising by enabling advertisers to target their desired audience based on the content being viewed using a wider range of advertising formats. The internet also permits advertisers to measure precisely the number of user views for an advertisement, providing more precise return metrics than traditional media such as television or print. As a result, advertisers are expected to allocate a greater percentage of their overall advertising budget to online media versus traditional media. According to a report published in October 2010 by ZenithOptimedia, it is estimated that internet advertising expenditures in China will increase to US\$7.0 billion in 2012, representing an expected CAGR of 32.3% from 2009 to 2012. This will represent 23.2% of overall advertising spending in China in 2012, an increase from 15.2% in 2009. The following graph sets forth the share of advertising spending in China by medium in 2009 and 2012.

Table of Contents**Share of Advertising Spending by Medium in China****2009****2012E***Source: ZenithOptimedia, October 2010*

Social network advertising in China represents a growing segment of online advertising expenditures, as the broad reach and high level of user engagement make social network communities an attractive audience for advertisers. Interactions among real name users, such as word-of-mouth product recommendations, have powerful implications for advertising campaigns. Brand advertisers are also developing innovative means to reach users through social networks, such as micro-communities, where users can interact directly in real-time with the profiles established by their favorite brands. Given the amount and the richness of personal data users share on the network, advertisers can also target their most desirable audience with effective advertising. According to a report dated June 9, 2010 by iResearch, social networking advertising is expected to grow from RMB760 million in 2009 to RMB4.6 billion in 2013, representing a CAGR of 56.6%. According to data issued in November 2010 by comScore Ad Metrix, the number of impressions generated from social network advertising in the United States grew from 61.3 billion in October 2009 to 146.2 billion in October 2010.

The mobile internet advertising sector is still in the early stages of development in China as business models for mobile internet develop. We believe that similar to internet advertising, the growth in mobile internet adoption will continue to drive advertising spending. Mobile advertising presents even greater targeting capabilities than internet advertising by providing direct access to users and the potential to effectively target users based on their physical location.

Internet Value-Added Services

Social networks provide a convenient online channel to distribute a broad range of services directly to users to enhance their social network experience. These services can be developed directly by the social network operator or by third-party developers for social networks that accommodate open programming interfaces. Such services can be offered for a fee to users, which generates revenues for social networks and developers. Examples of paid services include virtual gift items or profile enhancements such as greater online storage capacity for personal photos.

One of the most popular categories of online paid applications for users is online games. Prior to the emergence of social networks, large-scale online games supported distinct and unique communities of users. Increasingly, online games are being incorporated into social networks as an integral part of a portfolio of interactive services for users. These games allow users to further interact by playing together online. In China, online games have gained widespread popularity, particularly massive multiplayer online games, or MMOGs. With the emergence of social networks, other forms of online games have gained popularity, such as web-based

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games that are typically simpler to play than MMOGs and are based on common community interests or functions. Advancements in technology have also led to the development of advanced 3D flash-based games which support vivid user interfaces.

In China, the monetization of all types of online games has largely been driven by the sale of virtual game items to be used within games. According to a report published in January 2010 by IDC, revenues from virtual item-based online games in 2008 was RMB14.0 billion, accounting for 76.2% of the total online gaming market. IDC also estimates that virtual item-based games will continue to grow and are expected to reach revenues of RMB36.4 billion in 2013, representing a 21% CAGR for 2008-2013. By 2013, virtual item-based games will account for 91.4% of the total online games market in China.

Social Commerce

A recent development in global e-commerce has been the emergence of social commerce, which leverages social network communities to generate localized demand for products and services. Social commerce services fill an advertising void by providing broad internet exposure for local, small, and niche businesses, which would otherwise have difficulty supporting large-scale advertising campaigns. In the social commerce model, a merchant posts a discount offer to a community of users and sets a minimum threshold of buyers that must enroll in the offer in order for the discount to be effective. The threshold motivates prospective buyers to generate publicity for a given deal using social networking tools. According to a report dated January 18, 2011 by China e-Business Research Center, over 1,800 social commerce service providers have emerged in China since 2009. China e-Business Research Center estimates that the total sales value of the social commerce industry in China reached RMB8.9 billion (US\$1.3 billion) in 2010, and will increase to RMB24.0 billion (US\$3.6 billion) in 2011, representing 170.9% year-over-year growth. The broad reach and high level of user engagement of social networks provides for inexpensive and rapid user publicity which enhances the return on investment of promotional offers. Merchants view the discounts provided as a cost of marketing that results in guaranteed customer spending and foot traffic. We believe that, as a result, many merchants find social commerce to be a more efficient use of their marketing budget than traditional methods, such as newspaper, radio or television advertisements.

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BUSINESS

Overview

We operate the leading real name social networking internet platform in China as measured by total page views and total user time spent on social networking websites in February 2011, based on data issued in March 2011 by iResearch. Our platform enables our users to connect and communicate with each other, share information and user-generated content, play online games, listen to music, shop for deals and enjoy a wide range of other features and services. We had approximately 117 million activated users as of March 31, 2011. Our goal is to continue to lead and define the internet social networking industry in China. To achieve this goal, we are focused on providing a highly engaging and interactive SNS platform that promotes connectivity, communication and sharing among our users.

We believe our users are attracted to our large and highly engaged real name community, the broad range of rich communication features and functions on our real name SNS internet platform, our information and content-sharing features, and our offering of a variety of online games and other applications and services. Our platform includes renren.com, our main social networking website, game.renren.com, our online games center, nuomi.com, our social commerce website, and jingwei.com, our newly launched professional and business social networking service website. Our renren.com website is one of the largest social networking websites in China as measured by monthly unique visitors in February 2011, based on data issued in March 2011 by iResearch.

The quality of our user experience is reflected in the continued growth of our user base and their high level of engagement and interactivity on our platform. From January 2011 through March 2011, we added an average of approximately two million new activated users per month. Our users' high level of engagement with our platform is reflected in the amount of time our users spend on our platform, as well as their interactions through it. For example, from January 2011 through March 2011, our unique log-in users spent a monthly average of approximately seven hours on our platform, and our users collectively produced a daily average of approximately 40 million pieces of user-generated content, including approximately three million photos and 13 million status updates.

Our market leadership stems from our track record of innovation and our pioneering role in China's social networking service industry. We believe many features and functions that we introduced to the China market have improved the quality of our user experience and have subsequently become standard throughout the industry. For example, we believe renren.com was the first major social networking website in China to offer services like our Renren Open Platform program and Renren Connect program. Our Renren Open Platform program allows users to access high quality applications from third-party developers through our open application programming interface. Our Renren Connect program allows our users to sign in and share information and content from over 600 Renren Connect partner websites. In addition, in order to meet Chinese users' needs and preferences for instant notification and real time communication, we created our Renren Desktop client application, which we believe is unique among major global social networking websites. This application provides real time news feed updates while also facilitating instant messaging among our users.

We believe a key driver of our long-term success is the continued rapid introduction of new services and features that can leverage our existing platform and large user base. For example, the size of our existing renren.com user base allowed us to launch and quickly expand our social commerce services on nuomi.com, whose first offer in June 2010 resulted in purchases of over 150,000 pairs of movie tickets for a single movie theater complex in Beijing. Over 60% of nuomi.com's users are renren.com users. Nuomi.com became a leading social commerce website in China for 2010 according to a report published in January 2011 by China e-Business Research Center. More recently, we launched jingwei.com, a professional and business social networking service website, to further leverage our existing user base.

We currently generate revenues from online advertising and IVAS, which are comprised of online games and other IVAS. Our total net revenues increased from US\$13.8 million in 2008 to US\$46.7 million in 2009 and to US\$76.5 million in 2010, representing a CAGR of 135.7% from 2008 to 2010. We had a net income from

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continuing operations of US\$51.9 million, a net loss from continuing operations of US\$68.3 million and a net loss from continuing operations of US\$61.2 million in 2008, 2009 and 2010, respectively. Our net income and net losses from our continuing operations reflect the aggregate impact of non-cash items relating to the change in fair value of our then outstanding series D warrants, share-based compensation, amortization of intangible assets and impairment of intangible assets of US\$71.2 million in income in 2008, US\$71.3 million in expenses in 2009 and US\$78.6 million in expenses in 2010. All outstanding warrants to purchase series D preferred shares were exercised in December 2010.

Due to PRC legal restrictions on foreign ownership and investment in value-added telecommunications services and advertising businesses in China, we operate our business primarily through Qianxiang Tiancheng, which is our consolidated affiliated entity in China, and its subsidiaries. We do not hold any equity interest in Qianxiang Tiancheng or its subsidiaries. However, through a series of contractual arrangements with Qianxiang Tiancheng and its shareholders, we effectively control, and are able to derive substantially all of the economic benefits from, Qianxiang Tiancheng and its subsidiaries.

Our Strengths

We believe that the following strengths contribute to our success and differentiate us from our competitors:

Largest Real Name Social Networking Internet Platform in China

We operate the leading real name social networking internet platform in China as measured by total page views and total user time spent on social networking websites in February 2011. Based on data issued in March 2011 by iResearch, in February 2011, we had 2.3 times as many monthly total page views as our closest competitor. We believe the large size and deep interconnectivity of our user base form a barrier to entry and also allow us to quickly introduce multiple services to a large audience. As our platform is an extension of real-life relationships, it enables a more meaningful level of user engagement and interaction and enhances the value of our platform to all of the constituents of the Renren community, including users, advertisers, application developers and third-party websites. We grew our platform from a community of students at China's leading universities, and we believe that the substantial majority of college students in China today have a user account with us. We opened our platform to non-students in November 2007 and have since rapidly grown our user base by targeting young urban professionals and, more recently, high school students. We believe our main demographic focus on individuals who have received or are receiving higher education positions us well to target other demographic groups and also attract advertisers to our platform.

Integrated Platform Consisting of Multiple Services and Features

We have developed a highly integrated platform comprised of our robust social networking community and our market-leading online game and social commerce operations, and our online advertising services and functions. Because of the size of our user base and integrated nature of our platform, we are able to realize substantial benefits in developing and launching new services and features that both leverage our large user base and attract additional users to our platform. For example, we launched nuomi.com in June 2010 in Beijing and it quickly expanded to a total of 32 major cities and municipalities across China as of March 31, 2011. Additionally, our platform utilizes a common technology infrastructure to offer a consistent and high quality user experience across all applications offered through renren.com, which further accelerates the adoption of services among our user base. The comprehensive nature of our integrated platform allows us to engage our users in multiple ways, enabling us to deepen our relationship with our users and increase user loyalty.

Highly Engaged Users

As we have expanded the features, services and applications offered by our platform, we have become one of the most popular places on the internet where users interact with their friends, enjoy various types of

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entertainment, including online games, and share content, interests and updates on their lives. We are able to offer our users an increasingly rich experience by leveraging the information contained in each individual user's social graph, which is a user's network of relationships and interactions with other users. By growing the volume of relationships and interactions within the Renren community, our platform creates stronger bonds between users and fosters significant loyalty to Renren, which ultimately enhances the value of our platform and increases switching costs.

Our users' high level of engagement with our platform is reflected in the amount of time our users spend on our platform, as well as their interactions through it. For example, from January 2011 through March 2011, our unique log-in users spent a monthly average of approximately seven hours on our platform, and our users collectively produced a daily average of approximately 40 million pieces of user-generated content, including approximately three million photos and 13 million status updates. We believe that the active sharing and creation of personal content and information elevates the switching costs for our users and creates a more engaged community.

Rapid Introduction of New Features and Services

We are highly focused on improving our user experience by introducing new, and improving existing, functions and features on our real name SNS internet platform. We believe our strong internal technical development capabilities and scalable technology architecture have allowed us to be an innovator in China's social networking industry. For example, we were the first in China to introduce chewen.com, a real name-based social Q&A service for automotive-related topics. We have also designed our platform to allow our users to access Renren anytime and from any internet-enabled device. In March 2011, our unique mobile log-in users represented approximately 30% of our total unique log-in users. In addition, we recently introduced Renren Check-In, which allows users to use their mobile devices to share their location information and check which friends are nearby, and Renren Like, which allows users to share third-party content with just one click. For our SNS platform and Renren Desktop application, we use proprietary algorithms to optimize the results shown in our users' individual news feeds and to improve the quality of users' social graphs. Our focus on innovation has allowed us to enhance our relationships with our users, third-party application developers, Renren Connect partner websites and advertisers, giving us a highly strategic and valuable position within the Chinese internet ecosystem.

Multiple Established Revenue Sources

We have a track record of leveraging our user base to generate revenues from multiple sources, including online advertising, IVAS such as online games and social commerce services, and other paid services and applications. We believe our user base forms an attractive target demographic for advertisers to whom we offer a broad range of online advertising formats, including our innovative social ad, which allows advertisers to target users in a non-intrusive yet engaging manner based on users' self-expressed interests. We have a broad and diversified base of brand advertisers. In addition to online advertising, we generate revenues directly from our users by selling our IVAS and other paid services and applications using our virtual currency. We continue to introduce new value-added services such as nuomi.com, our social commerce website, which we launched in June 2010. We leveraged our existing user base to rapidly acquire new users for nuomi.com, which became a leading social commerce website in China for 2010, according to a report published in January 2011 by China e-Business Research Center.

Large Open Platform that Extends Our Reach

Our Renren Connect and Renren Open Platform programs enhance our user experience, extend the reach of our platform and enable Renren to become a central hub in China's dynamic internet ecosystem. We believe that through our Renren Open Platform program, we were the first internet platform in China to open our platform to third-party application developers through an open application programming interface, and currently offer

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approximately 1,000 applications from third-party developers that are integrated with our platform. We have a stringent process for approval and selection of these applications and generally focus on those applications that appeal most to our users. By offering a large number of quality third-party applications, we can increase user engagement and retention as well as grow our revenues.

Through our Renren Connect program, we allow our users to log on to third-party websites with their Renren identity. While logged in to our platform, users can connect with friends and post information and updates to their Renren profile from our Renren Connect partner websites, increasing the level of engagement for both Renren and our Renren Connect partner websites, which include docin.com, dianping.com and hudong.com. This extends our social graph beyond relationships between our users to include their relationships and interactions with websites and content outside of our own platform. By facilitating content finding and sharing among our users and increasing traffic for third-party websites, our Renren Connect program offers significant value to both our users and our Renren Connect partner websites.

Innovative and User-Oriented Culture

Our management team, particularly our founder, chairman and chief executive officer, Joseph Chen, and our executive director and chief operating officer, James Jian Liu, believe an innovative, user-centric and “geek” culture is key to our long-term success. In 1999, Mr. Chen co-founded ChinaRen, which was one of the first online college alumni clubs in the world and was later acquired by Sohu.com, a major internet portal in China. Mr. Liu has held management positions at innovators such as Fortinet and Siebel, and also co-founded UUMe.com, one of the earliest social networking service websites in China. We have leveraged a combination of internal training, incentives and events, such as our Geek Conference, to develop a corporate culture focused on speed of innovation, research and development, and the pursuit of excellence. Our culture has been developed to deliver the best possible experience to our users.

Our Strategies

Our goal is to continue to lead and define the internet social networking industry in China. We plan to achieve our goal by implementing the following key strategies:

Focus on Long-Term Success

We have operated and intend to continue to operate our business with a long time horizon in mind. The Chinese internet sector is a rapidly evolving and highly competitive market. Since we began operations in 2002, we have been focused on innovating our business model and user experience by continuously introducing and experimenting with new ideas, big and small. We believe that our market position today is the result of our culture of innovation and our focus on long-term defensible success, rather than short-term gains. We believe that innovation represents both the single greatest opportunity and threat to our business and we therefore intend to invest in our greatest long-term assets, namely our people and our “geek” culture.

Continually Enhance Our User Experience and Engagement

Offering our users what they need, want or have interest in is critical to our long-term success and enables us to attract more users, expand our social graph and increase the time our users spend on our platform. We intend to offer an increasing number of our applications and services across a broader range of internet-enabled devices. We recently launched Renren Mini Group, which enables users to share content and opinions within small groups based on shared interests. To stimulate user engagement, we plan to introduce a number of vertical social content offerings that we believe will create a valuable source of user-generated content. We also intend to further expand the number of our Renren Connect website partners, the usage of our Renren Connect program and the level of user engagement within our platform.

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Grow and Broaden Our User Base

We have substantial room to further increase our penetration rate among China's large and rapidly growing internet user base. We intend to further increase our penetration among China's young urban professionals, urban families, and middle school, high school and college students, who we believe are most likely to be attracted to our real name platform and will help us to attract an increasingly broad user demographic. We will continue to introduce features and functions to appeal to the various preferences among our different groups of users and prospective users. For example, we offer high school students more personalization features for their profile page on our platform than we offer our other user groups. We have also successfully utilized targeted brand advertising campaigns to promote our platform with new user groups and will continue to selectively do so in the future.

Leverage Our Platform and Brand to Increase Monetization

We intend to continue to leverage our large and connected attractive user base and the integrated nature of our platform to generate additional revenues. We plan to grow our advertising revenues by expanding our direct sales force, educating advertisers on the merits of advertising on our platform, improving targeting features, introducing new advertising formats and increasing our advertising rates. For example, we recently introduced a self-service advertising solution that enables us to target small and medium-sized enterprises, which are typically represented by SME-focused advertising agencies. We also intend to extend our advertising solutions to include Renren Connect partner websites and generate revenues from mobile advertising by working with many of our existing advertising partners.

For our online games and other paid value added services, we intend to increase the number of paying users as well as increase revenues per user by introducing new applications and services as well as promoting them to our users. For example, we intend to launch nuomi.com in additional cities as well as invest in additional sales headcount and technology that will allow us to reach more merchants and offer more targeted deals to our loyal user base.

Grow Mobile Usage of Our Platform

Internet-enabled devices allow our users to access our platform anytime and in any place with a mobile internet connection. As a result our mobile platform has experienced rapid usage growth within the relatively short period since its launch. However, we believe there is substantial room for further growth as usage of mobile internet-enabled devices increases in China and network speed and quality improves. We intend to increase the installed base and usage of our mobile client applications by partnering directly with mobile carriers, handset manufacturers, third-party mobile application stores as well as promoting direct download of our client applications. In addition, we intend to introduce more mobile games and a mobile location-based version of nuomi.com, which in addition to increasing our mobile usage, also present opportunities to grow our revenues. We also recently introduced Renren Check-In, which allows users to share their location and post comments regarding venues.

Pursue Strategic Alliances and Partnerships

We intend to continue to grow our user base and improve our user experience by selectively partnering with, investing in or acquiring other companies that bring us complementary or new users, technologies or services. For example, a core part of our long-term strategy is to continue to grow the number of website partners and application developers participating in our Renren Connect and Renren Open Platform programs.

Our Platform for Users

We operate the leading real name social networking internet platform in China as measured by total page views and total user time spent on social networking websites in February 2011. Based on data issued in March

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2011 by iResearch, in February 2011, we had 2.3 times as many monthly total page views as our closest competitor. As a pioneer in social networking in China, we have focused on providing a highly engaging and interactive platform that promotes connectivity, communication and sharing among our users using their actual identities as opposed to virtual identities. Our innovative internet platform enables our users to connect and communicate with each other, share information and user-generated content, play online games, listen to music, shop for deals and enjoy a wide range of other features and services.

Since our inception, our user base has grown rapidly. As of December 31, 2008, December 31, 2009 and December 31, 2010, the cumulative total of our activated users was approximately 33 million, 83 million and 110 million, respectively. As of March 31, 2011, we had approximately 117 million activated users. From January 2011 through March 2011, we added an average of approximately two million new activated users per month. In December 2008, December 2009 and December 2010, the number of our monthly unique log-in users was approximately 17 million, 22 million and 26 million, respectively. In March 2011, we had approximately 31 million monthly unique log-in users. We believe our users are attracted to our large and highly engaged real name community, broad range of communication tools, information and content sharing features, online games and other applications as well as newly added services such as nuomi.com, which became a leading social commerce website in China for 2010, according to a report published in January 2011 by China e-Business Research Center.

Our platform creates a user experience that is an extension of real-life relationships, and we believe this type of interaction is the reason our users spent a monthly average of approximately seven hours using our platform from January 2011 through March 2011. During the same period, our users collectively produced a daily average of approximately 40 million pieces of user-generated content, including approximately three million photos and 13 million status updates. As of March 31, 2011, approximately 2.9 billion photos, 249 million blogs and 20.8 billion comments or reviews were available on our platform. We believe that we have already reached a critical mass in terms of our number of active users and the quality and quantity of connections and interactions among them on our platform, and that this critical mass would be difficult for a competitor in China to achieve in the presence of our already robust community. We also believe that the real name nature of our platform helps us retain users, because once a user has spent time on our platform establishing connections with friends and posting photos and other content, it is time-consuming to restart this process on another SNS site and would require such user's friends to migrate to the new site as well.

Our user base consists largely of Chinese college students, young urban professionals, and high school students. Our users are generally well-educated, and we believe our users include a substantial majority of all current college students and recent college graduates in China. We are currently striving to expand our user base among white-collar workers in their late 20s and early 30s as well as high school students.

Our SNS platform is accessible from internet-enabled devices, including PCs and mobile phones, so that users can access our platform anytime from anywhere they are connected to the internet. We offer versions of our sites and client applications that have been optimized for a range of mobile phone operating systems, including for the iPhone, Android and Symbian. The number of our unique mobile log-in users as a percentage of our total unique log-in users increased from 23.0% in March 2010 to 30.0% in March 2011, and the number of monthly unique smartphone users who accessed Renren's mobile applications was approximately 0.5 million, 1.4 million and 3.1 million in September 2010, December 2010 and March 2011, respectively. We have also developed Renren Check-In for mobile devices, which enables our users to share their location information with friends.

In order to protect our users and the real name nature of our platform, we have a team dedicated to identifying and deleting accounts that contain false information or that are used for inappropriate activities, such as spamming. We also encourage users to provide a real photo of themselves and other real information by awarding expanded platform privileges to them if they provide such information. In addition, the privacy of our users is of the utmost importance to us. Our privacy committee has introduced comprehensive policies for our platform and our third-party partners, and implemented detailed user-determined privacy settings. Our privacy policy calls for strict management and protection of information provided by users, and does not permit

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disclosure of users' personal information to unrelated third parties, except when users have consented to such disclosure through the privacy settings on their user accounts. Users can also see who has viewed their profiles.

Communication, Content Creation and Sharing

We help users communicate and stay connected with their friends, classmates, family members and co-workers. Users begin by creating a free account and a personal profile with their name, photos, information about schools and universities attended, employment information, current location, age, lists of interests and other personal data. After creating their initial profile, users can then search other users' profiles to find and establish connections with existing and old friends using our social network and find new friends to further develop their social graph. Our users can then easily communicate and connect with friends using many different tools and functions, including status updates, photo sharing and commenting, chatting, instant messaging, onsite email and mini-groups. In addition, functions such as our news feed, Renren Like and Renren Share as well as our Renren Connect program make it easy for users to share status updates, blogs, photos and content that they recommend to friends.

By providing content and applications that are attractive to Chinese internet users, we have been able to strengthen our user base and increase user engagement and retention. Our key avenues for providing appealing applications and other content include the following:

Content created by users Users are interested in seeing and hearing about their friends' lives, activities and thoughts, which users can share with each other through status updates, blogs, photos and other content. Sharing and viewing each other's user-generated content helps friends stay in closer touch.

Content shared among users Third-party blogs, links, photos, video and other content are attractive to users when sent from or shared by their real world friends, as users trust their friends' recommendations and enjoy sharing thoughts and comments about the content they share. In this way, sharing and viewing third-party content also helps friends stay in closer touch. We offer a number of functions to help our users share third-party content easily. For example, users can share content from a third-party website, such as videos on youku.com, by clicking on Renren Share and then entering their Renren log-in information. Renren Like and our Renren Connect program also help users share third-party content.

Renren Connect program This program allows our users to log on to over 600 Renren Connect partner websites using their Renren identity. While logged in to our platform, users can connect with friends and post information and updates to their Renren profile, increasing the level of engagement for both Renren and our Renren Connect partner websites, which include docin.com, dianping.com, and hudong.com. This extends our social graph beyond relationships between our users to include their relationships and interactions with websites and content outside of our own platform. By facilitating content finding and sharing among our users and increasing traffic for third-party websites, our Renren Connect program offers significant value to both our users and our Renren Connect partner websites.

Renren Open Platform program We maintain one of the first and largest open application programming interface programs in China for the delivery and consumption of third-party applications. Since we launched our Renren Open Platform program in late 2008, we have received over 100,000 application submissions from third parties, and we have approved over 1,000 of these applications. Some of the most popular applications on our Renren Open Platform program include social games, such as Little War and Building One, as well as non-game applications, the most popular of which typically relate to lifestyle topics, daily horoscopes and personality tests. We review and approve third-party applications before making them available on our Renren Open Platform program. We also use a variety of algorithms to measure the popularity of applications among users that have tried them, and we make popular applications more prominent on our platform.

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By rapidly introducing new services and features that appeal to our users, whether developed internally or by third parties, we are able to maintain and increase our number of active users and their level of engagement. Of the many services and features available to our users free of charge, some of our newest and/or most innovative include:

Renren Desktop This software, which can be downloaded by users, displays real time news feeds, notifications, reminders and other interactive content to users while they are logged on to our platform. Our news feeds provide users with updates and information that is likely to interest them, such as a friend's online actions or newly shared content. We believe that we are the only major SNS website in the world to offer all of these features in real time.

Social Q&A This function allows users to use the collective knowledge of friends and other users as a resource in making decisions about certain kinds of products and services. For example, we recently introduced chewen.com, which enables users considering an automobile purchase to share their interests, concerns and questions with their friends, and receive comments or other feedback from friends or other users. When users post questions or information, their friends can see these actions through the news feed function and can respond. Users can also choose to follow topics and people so that they receive updates when content is posted by any user regarding a certain automobile model, a certain question about automobiles, or when content is posted by a certain expert.

jingwei.com We recently launched a professional and business social networking website.

Renren Like This function allows users to easily share interesting content with their friends. When a user clicks the Like button on one of our Renren Connect partner websites, a link appears in the user's friends' news feeds.

Renren Check-in This location-based service allows users to use their mobile devices to share their location information with friends, thereby increasing interactivity and opportunities for users to meet friends in their vicinity.

Mini Group This function allows users to share information, content and opinions within small groups that are formed based on shared interests.

We also develop new services and features to increase the size of our user base in other demographic groups for whom we aim to make our platform more attractive. For example, we have developed tools for users to decorate and customize their profile page on our platform, which is particularly appealing to high school students. In addition, we believe jingwei.com, our professional- and recruitment-focused social networking website, which helps users find jobs and professional contacts, and nuomi.com, our social commerce services, which helps users find good deals on quality products, services and events, are both strongly appealing to white-collar workers in their late 20s and early 30s.

Entertainment

Our platform offers music, online games and other entertainment features, which make the user experience more fun and enjoyable, encourage users to spend more time on our platform and increase user loyalty.

Online games

We operate one of the leading web-based game platforms in China and are one of the leading web-based game developers in China, based on data issued in October 2010 by iResearch for the third quarter of 2010. Web-based games are games that can be played directly from the user's internet browser without downloading additional software. We believe we developed and launched one of the first web-based role-playing games in the world, Pet Mop, in early 2007, which has won many awards, including China's Most Valuable Web Game in 2008. We subsequently developed, and launched in late 2008, one of the first web-based MMORPGs in the world, Tianshu Qitan. While our focus has been on web-based games, we also offer client-end games. Client-end

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Our servers are primarily hosted at internet data centers owned by major domestic internet data center providers. The hosting services agreements typically have terms of one year. We believe that we will be able to obtain adequate facilities, principally through leasing, to accommodate our future expansion plans.

Legal Proceedings

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property claims, breach of contract claims, labor and employment claims and other matters. Internet media companies are frequently involved in litigation based on allegations of infringement or other violations of intellectual property rights and other allegations based on the content available on their website or services they provide. See Risk Factors Risks Relating to Our Business and Our Industry We have been and may continue to be exposed to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our websites, or distributed to website users, which could materially and adversely affect our business and results of operations. Although such proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of our current pending matters will not have a material adverse effect on our business, consolidated financial position, results of operations or cash flow. Regardless of the outcome, however, any litigation can have an adverse impact on us because of defense costs, diversion of management's attention and other factors. In addition, it is possible that an unfavorable resolution of one or more legal or administrative proceedings, whether in the PRC or in another jurisdiction, could materially and adversely affect our financial position, results of operations or cash flows in a particular period or damage our reputation.

In 2009, kaixin001.com, one of our competitors, filed a lawsuit in the Beijing Second Intermediate People's Court for unfair competition against our consolidated affiliated entities, including Qianxiang Wangjing for operating a website with the domain name kaixin.com. The remedies sought by kaixin001.com included (i) that we cease use of (kaixin wang) and other similar Chinese names on our websites, (ii) that we cease use of the domain name kaixin.com, (iii) damages of RMB10 million (US\$1.5 million), (iv) a public apology and (v) that we bear all associated litigation fees and costs.

Before a judgment on this case was rendered we had integrated our kaixin.com interface with our larger renren.com website and, as a result, our use of the domain name kaixin.com was no longer necessary for our operations. In October 2010, the Beijing Second Intermediate People's Court rendered a judgment confirming that we are the legitimate owner of the kaixin.com domain name but ordering us to cease the use of or any similar Chinese names for any social networking services we provide and pay damages of RMB400,000 (US\$60,000) to kaixin001.com. Kaixin001.com appealed the ruling of the Beijing Second Intermediate People's Court to the Beijing Higher People's Court. In April 2011, the Beijing Higher People's Court issued its final judgment, which upheld the ruling by the Beijing Second Intermediate People's Court.

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liable for damages caused to their users. See Risk Factors Risks Related to Our Business and Industry Concerns about collection and use of personal data could damage our reputation and deter current and potential users from using our services.

Regulations on Online Game Operations

Online Game Publishing and Operation

Online games operation is covered extensively by a number of existing laws and regulations issued by various PRC governmental authorities, including the MIIT, the GAPP and the Ministry of Culture.

On December 30, 1997, the GAPP issued the Rules for the Administration of Electronic Publications, or the Electronic Publication Rules. These rules were replaced by new Electronic Publication Rules promulgated on February 21, 2008, which took effect on April 15, 2008. The Electronic Publication Rules regulate the production, publishing and importation of electronic publications in the PRC and outline a licensing system for business operations involving electronic publishing. Under the Electronic Publication Rules and other regulations issued by the GAPP, online games are classified as a kind of electronic production and publishing of online games is required to be done by licensed electronic publishing entities with standard publication codes. Under the Electronic Publication Rules, if a PRC company is contractually authorized to publish foreign electronic publications, it must obtain the approval of, and register the copyright license contract with, the GAPP.

The GAPP and the MIIT jointly promulgated the Tentative Measures for Internet Publication Administration, or the Internet Publishing Rules, on June 27, 2002, which took effect on August 1, 2002 and imposed a license requirement for any company that intends to engage in internet publishing, defined as any act by an internet information service provider to select, edit and process content or programs and to make such content or programs publicly available on the internet. Since the provision of online games is deemed to be an internet publication activity, an online game operator needs to obtain an internet publishing license in order to directly make its online games publicly available in the PRC. We are in the process of applying for such license with the GAPP.

On February 17, 2011, the Ministry of Culture issued the Provisional Regulations for the Administration of Online Culture, which took effect on April 1, 2011, or the Online Culture Regulations. This regulation applies to entities engaging in activities related to online cultural products, including music and video files, network games, animation features and audiovisual products, performed plays and artwork converted for dissemination via the internet. Pursuant to these regulations, commercial entities are required to apply to the relevant local branch of the Ministry of Culture for an Online Culture Operating Permit if they engage in any of the following types of activities:

the production, duplication, importation, publication or broadcasting of online cultural products;

the dissemination of cultural products on the internet or transmission thereof to (i) client end devices such as computers, fixed-line or mobile phones, television sets or gaming consoles, and (ii) places offering internet access services such as internet cafes for the purpose of browsing, reading, using or downloading such products; or

the exhibition or holding of contests related to online cultural products.

On July 1, 2009, the GAPP issued the Notice on Strengthening the Approval and Administration of Imported Online Games. Pursuant to this notice, GAPP is the only competent approval authority authorized by the State Council for imported online games authorized by offshore copyright owners. Any enterprise engaging in online game publication or operation within China must undergo examination and approval by the GAPP and obtain the relevant internet publication service license. Moreover, the showing, exhibiting, trading or promoting of offshore online games in China also must be examined and approved by the GAPP.

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On September 7, 2009, the State Commission Office for Public Sector Reform issued the Notice on Interpretation of the State Commission Office for Public Sector Reform on Several Provisions Relating to Animation, Online Games and Comprehensive Law Enforcement in the Culture Market in the Three Provisions jointly promulgated by the Ministry of Culture, the SARFT and the GAPP. According to this notice, the GAPP is responsible for the examination and approval of online games that will be uploaded on the internet, while after the uploading, such online games shall be regulated by the Ministry of Culture. The notice further clarifies that the GAPP is responsible for the examination and approval of game publications authorized by offshore copyright owners to be uploaded on the internet, while other imported online games shall be examined and approved by the Ministry of Culture.

On September 28, 2009, the GAPP, the National Copyright Administration, and the National Office of Combating Pornography and Illegal Publications jointly published the Further Strengthening of the Administration of Pre-examination and Approval of Online Games and the Examination and Approval of Imported Online Games, or the GAPP Notice. According to this notice, where new versions, expansion packs or new content shall be updated for online games that have been approved by the GAPP, the operating entity shall undertake the same examination and approval procedures with the GAPP as would be applicable to new content. The GAPP Notice further emphasizes the GAPP's examination and approval authority over online games, and defines online games as all games interactively played via internet (including cable internet and wireless mobile telecommunication networks) or provided via the internet for downloading, including without limitation, MMORPGs, web-based games (web games), casual games, online downloads of offline games, games with networking functions, game platforms for online network play and mobile online games. Pursuant to the Internet Publishing Rules, the GAPP requires every entity wishing to operate online games to hold an Online Publishing Permit, which specifically authorizes the publishing of games on the internet.

On June 3, 2010, the Ministry of Culture issued the Interim Measures for Online Game Administration, or the Online Game Measures (effective on August 1, 2010). The Online Game Measures defines Online games as game products and services composed of software programs and information databases, provided via the internet or mobile networks or other information networks.

The GAPP Notice also restates that foreign investors are not permitted to invest in online game operating businesses in China via wholly owned, equity joint venture or cooperative joint venture investments and expressly prohibits foreign investors from gaining control over or participating in domestic online game operators through the establishment of other joint venture companies, or contractual or technical arrangements.

Based on the advice of TransAsia Lawyers, our PRC legal counsel, the corporate structure of our consolidated affiliated entities and our subsidiary in China comply with all existing PRC laws and regulations. However, it is unclear whether the GAPP will deem our corporate structure and operations to be in violation of these provisions. If they are, our corporate structure and operations may be challenged by the GAPP. See Risk Factors Risks Related to Our Corporate Structure and the Regulation of our Business If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. If we are found to be in violation of any existing or future PRC laws or regulations, including the MIIT Notice and the GAPP Notice, the relevant regulatory authorities would have broad discretion in dealing with such a violation, including taking actions such as levying fines, confiscating our income, revoking Qianxiang Wangjing's business or operating licenses, requiring us to restructure the relevant ownership structure or operations or requiring us to discontinue all or any portion of our game operations. Any of these actions could cause significant disruption to our business operations.

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Regulatory Developments Relating to Web-Based Games

We are both a game operator and a third-party platform provider and operate web-based games under two models:

Self-developed games launched on our platform;

Cooperation with third-party online game developers to launch their games on our platform. For this model, our standard cooperation contract makes us responsible for online game operation, while the developer must register any software copyrights and be responsible for game maintenance and customer service.

Prior to the promulgation of the GAPP Notice and the Online Game Measures, both the GAPP and the Ministry of Culture attempted to regulate the operation and operators of MMORPGs, and there was no specific regulation or policy that included web-based games as online games. However, due to the growing popularity of social and web-based games, these games are coming under increasing scrutiny with efforts being made to limit the role and impact of foreign companies in this sector. The GAPP and the Ministry of Culture have both indicated that social and web-based games should be regulated similarly to other online games. However, this principle has not been strictly enforced in respect of social and web-based games published through third-party platforms and SNS websites.

The Ministry of Culture issued an Online Culture Operating Permit to Qianxiang Wangjing in October 2009, authorizing it to operate online games. In addition, according to the Online Culture Regulations, domestically developed online games are required to be filed with the Ministry of Culture. Most major players in the online games industry typically publish their online games in cooperation with traditional publishing houses. This is known as the Traditional Publishing Entity, or TPE, Model, and is also acceptable to the GAPP in practice. In light of this continuing uncertainty, it has been reported that the GAPP is considering promulgating new regulations soon, which would seek to improve the administration of internet publishing activities by requiring all private entities engaging in such activities including those already operating without an Internet Publishing Permit to obtain one and thus be subject to the GAPP's monitoring and regulatory control.

To keep up with developments in the regulation of web-based games, we have already filed with the GAPP certain online games that we developed and the imported games available on our SNS website, and will continue such filings for these types of games. However, we cannot assure you as to whether our understanding of the applicability and scope of such filings is correct as the interpretation and enforcement of the applicable laws and regulations by the GAPP is still evolving, and are in the process of applying for an Internet Publishing Permit. We are among the first web-based game and social game applicants.

The consequences of operating a web-based game without the relevant approvals or filings remain uncertain. Moreover, due to the numerous web-based games launching on our platform, we cannot assure you that all such games have been or can be approved by the GAPP or provincial APPs prior to their launching, or have been or can be filed with the Ministry of Culture. Therefore, if we are found to be in violation of such approval and/or filing requirements, the GAPP, the Ministry of Culture or their respective local branches could impose penalties. See **Risk Factors** Risks Related to Our Corporate Structure and the Regulation of Our Business Changes in government policies or regulations may have material and adverse impact on our business, financial condition and results of operations.

Online Game Censorship and Imported Games

On May 14, 2004, the Ministry of Culture issued the Notice Regarding the Strengthening of Online Game Censorship. This notice mandates the establishment of a new committee under the Ministry of Culture that will screen the content of imported online games. In addition, all imported and domestic online games are required to be examined and filed with the Ministry of Culture.

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distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, the SAIC or its local branches may order the violator to terminate its advertising operation or even revoke its business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities if they infringe on the legal rights and interests of third parties. To comply with these laws and regulations, we include clauses in all of our advertising contracts requiring that all advertising content provided by advertisers must comply with relevant laws and regulations. Under PRC law, the advertising agencies are liable for all damages to us caused by their breach of such representations. Prior to website posting, our account execution personnel are required to review all advertising materials, including video commercials, flashes and pictures to ensure there is no violent, pornographic or any other improper content, and will request the advertiser to provide government approval if the advertisement is subject to special government review.

On July 8, 2004, the State Food and Drug Administration promulgated the Administration Measures on Internet Drug Information Services, which require that internet operators providing drug information services shall be approved by the competent food and drug administration, and drug advertisements shall be examined and approved by the competent food and drug administration as well. Qianxiang Wangjing obtained a permit from the Beijing Drug Administration on May 20, 2010. Before obtaining these permits, there were a small number of advertisements for non-prescription drugs shown on our website, which may not have been in compliance with the Administration Measures on Internet Drug Information Services and may subject us to administrative warnings, termination of any internet drug advertisements on our website and other penalties which are not clearly defined in the measures, although we have not been sanctioned by the relevant governmental authorities in the past. We are now qualified to post approved non-prescription drug advertisements on our website pursuant to the drug information permit, and we believe the risk of any penalties being imposed as a result of our past conduct is low.

On January 3, 2001, the Ministry of Health promulgated the Measures on the Administration of Internet Medical Care Information Services, or the Internet Medical Information Measures. The Internet Medical Information Measures require an ICP operator to obtain the approval from the Ministry of Health or its provincial counterpart for the provision of internet medical care information services. On May 1, 2009, the Ministry of Health promulgated the revised Internet Medical Information Measures, which became effective on July 1, 2009. The revised Internet Medical Information Measures require an ICP operator engaging in the provision of medical and health information to internet users (which, among others, includes the provision of such information through the health channel on the operator's website) to obtain a permit from the relevant provincial counterpart of the Ministry of Health. We are in the process of applying for an approval from the Beijing Municipal Health Bureau for the provision of internet medical care information services.

Regulations on Online Music

On November 20, 2006, the Ministry of Culture issued Several Suggestions of the Ministry of Culture on the Development and Administration of Internet Music, or the Suggestions, which became effective on that date. The Suggestions, among other things, reiterate the requirement for an internet service provider to obtain an internet culture business permit to carry out any business relating to internet music products. In addition, foreign investors are prohibited from operating internet culture businesses. However, the laws and regulations on internet music products are still evolving, and there have not been any provisions stipulating whether or how music videos will be regulated by the Suggestions.

On August 18, 2009, the Ministry of Culture promulgated the Notice on Strengthening and Improving the Content Review of Online Music. According to this notice, only internet culture operating entities approved by the Ministry of Culture may engage in the production, release, dissemination (including providing direct links to music products) and importation of online music products. The content of online music shall be reviewed by or

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If, conversely, it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, delays or restrictions on the repatriation into the PRC of the proceeds from this offering, restrictions on or prohibition of the payments or remittance of dividends by our China subsidiary, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. See **Risk Factors Risks Related to Doing Business in China** The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval.

Regulations on Concentration in Merger and Acquisition Transactions

The M&A Rule established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council on August 3, 2008 are triggered.

Complying with these requirements could affect our ability to expand our business or maintain our market share. See **Risk Factors Risks Related to Doing Business in China** Recently enacted regulations in the PRC may make it more difficult for us to pursue growth through acquisitions.

reviewing and approving the total compensation package for our chief executive officer;

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Vesting Schedule. In general, the plan administrator determines, or the award agreement specifies, the vesting schedule.

Transfer Restrictions. Except as otherwise provided by our plan administrator, an award may not be transferred or otherwise disposed of by a participant other than by will or the laws of descent and distribution. Our plan administrator by express provision in the award or an amendment may permit an award (other than an incentive share option) to be transferred to or exercised by certain persons related to the participant.

Amendment and Termination of the Plan. With the approval of our board, our plan administrator may at any time amend, modify or terminate the plan, subject to certain exceptions.

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Zihang Limited ⁽²¹⁾	1,600,000	0.2%	80,001	0.0%	1,519,999	0.1%	0.0%
Robert Chang ⁽²²⁾	914,280	0.1%	35,001	0.0%	879,279	0.1%	0.0%
Ben Chow ⁽²³⁾	685,700	0.1%	34,284	0.0%	651,416	0.1%	0.0%

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* Less than 1% of our total outstanding shares.

- (1) Assumes that the underwriters do not exercise their option to purchase additional ADSs and no other change to the number of ADSs offered by us as set forth on the front cover page of this prospectus.
- (2) For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of the share options or warrants within 60 days after the date of this prospectus. The total number of ordinary shares outstanding on an as-converted basis as of the date of this prospectus is 1,023,521,970. The total number of shares outstanding after the completion of this offering will be 1,177,602,715.
- (3) For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power with respect to all of our Class A and Class B ordinary shares as a single class. Each holder of our Class B ordinary shares is entitled to ten votes per share and each holder of Class A ordinary shares is entitled to one vote per share held by our shareholders on all matters submitted to them for a vote. Subject to certain exceptions, our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis.
- (4) Represents 187,015,390 ordinary shares, and 96,273,000 ordinary shares issuable upon the conversion of 25,571,420 series A preferred shares and 70,701,580 series B preferred shares held by Mr. Joseph Chen. The business address of Mr. Chen is 23F, Jing An Center, North Third Ring East Road, Chao Yang District, Beijing, 100028, People's Republic of China.
- (5) Represents 34,065,110 ordinary shares held by Mr. James Jian Liu. The business address of Mr. Liu is 23F, Jing An Center, North Third Ring East Road, Chao Yang District, Beijing, 100028, People's Republic of China.
- (6) Mr. Joseph Chen and Mr. James Jian Liu have taken interest-bearing loans in an aggregate amount of US\$44 million from Benchmark Holdings Inc., a Bahamian company, or Benchmark. Benchmark is an unrelated third party to our company. Until the loans were extended to Mr. Chen and Mr. Liu, Benchmark was also an unrelated third party to Mr. Chen and Mr. Liu. Mr. Chen and Mr. Liu used the entire proceeds of these loans to repay their outstanding personal loans to us on April 14, 2011. To secure their repayment obligations to Benchmark, Mr. Chen and Mr. Liu pledged 17,311,476 and 11,540,982 ordinary shares, respectively, of our company held by them to Benchmark. Benchmark has indicated its intention to Mr. Chen and Mr. Liu to subscribe for US\$40 million of our ADSs in this offering. In the event that Benchmark is unable to acquire \$40 million of our ADSs in this offering, Mr. Chen and Mr. Liu have agreed to sell their own ordinary shares to Benchmark at the price per share in this offering for a total amount equal the difference between US\$40 million and the value of our ADSs that Benchmark acquires in this offering, if any. Neither the underwriters nor we have any obligation to sell our ADSs to Benchmark as part of this offering or otherwise.
- (7) The business address of Mr. Niki is c/o SOFTBANK CORP., 1-9-1 Higashi-shimbashi, Minato-ku, Tokyo, 105-7303, Japan.
- (8) Represents (i) 1,940,000 ordinary shares held by Mr. David K. Chao; and (ii) 17,373,630 ordinary shares, and 70,556,247 ordinary shares issuable upon the conversion of 22,500,000 series A preferred shares and 49,282,670 series C preferred shares held by DCM, whose general partner is DCM Investment Management III, L.L.C. The managing members of DCM Investment Management III, L.L.C. are David K. Chao, Dixon R. Doll and Peter W. Moran. The business address of Mr. Chao is 2420 Sand Hill Road, Suite 200 Menlo Park, CA 94025.
- (9) Represents 54,024,903 ordinary shares issuable upon the conversion of 55,403,650 series C preferred shares held by the GA Group as described in footnote 13 below. The business address of Mr. Nimetz is Three Pickwick Plaza, Greenwich, Connecticut 06830.
- (10) The business address of Mr. Li is 298 Weihai Road, Shanghai, 200041, the People's Republic of China.
- (11) The business address of this individual is 23/F, Jing An Center, 8 North Third Ring Road East, Beijing, 100028, the People's Republic of China.
- (12) Certain directors and executive officers have been granted options pursuant to our 2006, 2008 and 2009 Equity Incentive Plans. See Risk Factors Risks Related to Doing Business in China. The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, and, if required, we cannot assure you that we will be able to obtain such approval and Management Equity Incentive Plans.
- (13) Represents 405,388,451 ordinary shares issuable upon the conversion of 2,582,200 series C preferred shares and 402,870,510 series D preferred shares held by SB Pan Pacific Corporation, a Micronesia private company which is wholly owned by SOFTBANK CORP., a public company listed on Tokyo Stock Exchange. The business address of SB Pan Pacific Corporation is BV Center, Suite 2A, 14 Pohn Umpomp Place, Nett, Pohnpei, Federated States of Micronesia. SOFTBANK CORP., the parent company of SB Pan Pacific Corporation, was the previous owner of these 2,582,200 series C preferred shares and 402,870,510 series D preferred shares, and transferred these shares to SB Pan Pacific Corporation on January 31, 2011.
- (14) Represents 17,373,630 ordinary shares, and 70,556,247 ordinary shares issuable upon the conversion of 22,500,000 series A preferred shares and 49,282,670 series C preferred shares held by DCMIII, L.P., DCM III-A, L.P. and DCM Affiliates Fund III, L.P. We refer to these entities collectively as DCM. The general partner of DCM is DCM Investment Management III, L.L.C., which has voting and investment power with respect to shares held by DCM. The managing members of DCM Investment Management III, L.L.C. are David K. Chao, Dixon R. Doll and Peter W. Moran. The business address of DCM is 2420 Sand Hill Road, Suite 200 Menlo Park, CA 94025.
- (15) Represents (i) 38,971,056 ordinary shares issuable upon conversion of 39,965,620 series C preferred shares held by General Atlantic Partners (Bermuda), L.P., a Bermuda limited partnership (GAP LP); (ii) 10,505,250 ordinary shares issuable upon conversion of 10,773,350 series C preferred shares held by GAP-W International, LP, a Bermuda limited liability company (GAP-W); (iii) 810,369 ordinary shares issuable upon conversion of 831,050 series C preferred shares held by GapStar, LLC, a Delaware limited liability company (GapStar); (iv) 2,890,425 ordinary shares issuable upon conversion of 2,964,190 series C preferred shares held by GAP Coinvestments III, LLC, a Delaware limited liability company (GAP Coinvestments III); (v) 708,430 ordinary shares issuable upon conversion of 726,510 series C preferred shares held by GAP Coinvestments IV, LLC, a Delaware limited liability company (GAP Coinvestments IV); (vi) 27,001 ordinary shares issuable upon conversion of 27,690 series C preferred shares held by GAP Coinvestments CDA, L.P., a Delaware limited partnership (GAP Coinvestments CDA); and (vii) 112,372 ordinary shares issuable upon conversion of 115,240 series C preferred shares held by GAPCO GmbH & Co. KG, a German limited partnership (GAPCO KG). GAP LP, GAP-W, GapStar, GAP Coinvestments III, GAP Coinvestments IV, GAP Coinvestments CDA and GAPCO KG are investment funds in the General Atlantic private equity group. The general partner of each of GAP LP and GAP-W is General Atlantic GenPar (Bermuda), L.P., a Bermuda limited partnership (GA GenPar), whose general partner is GAP (Bermuda) Limited, a Bermuda

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History of Securities Issuances

The following is a summary of our securities issuances in the past three years, and does not give retroactive effect to the ten-for-one share split which became effective on March 25, 2011.

Ordinary Shares.

In April 2008, January 2009 and August 2010, we issued 44,432,150,000 and 464,166 ordinary shares, respectively, to our directors, officers and employees upon exercise of their share options.

In July 2008, we issued 251,998 ordinary shares to certain investors in connection with the exercise of warrants held by such investors with proceeds to us of US\$0.1 million.

In March 2009, we issued 21,430 ordinary shares to a shareholder with proceeds to us of US\$11,000.

In August 2010, we repurchased 4,714,286 ordinary shares from a shareholder for an aggregate cash amount of US\$34.2 million.

In August 2010, we issued 641,667 ordinary shares to a shareholder upon exercise of share options in exchange for cash consideration of US\$0.8 million.

We repurchased these ordinary shares with a subsequently negotiated agreement in October 2010 for total consideration of US\$4.6 million.

In October 2010, we repurchased 688,844 ordinary shares from a shareholder at US\$3.6 million.

In October 2010, we issued 300,000 and 700,000 ordinary shares, respectively, to a consultant and two executive officers at US\$7.01 per share.

Preferred Shares.

In April 2008, in order to raise capital to fund the expansion of our business, we issued an aggregate of 10,071,763 series D preferred shares, at a price of US\$9.93 per share, to SOFTBANK CORP., a Japanese telecommunications and media corporation and an affiliate of SB Pan Pacific Corporation. In connection with the issuance of these series D preferred shares, we granted the 2009 series D warrants and the 2010 series D warrants to SOFTBANK CORP. The 2009 series D warrants are exercisable to purchase 7,553,822 series D preferred shares from April 4, 2009 to July 2, 2009, and were fully exercised in 2009. The 2010 series D warrants are exercisable in two tranches. The first tranche was exercisable to purchase 7,553,822 series D preferred shares from April 2, 2010 to July 1, 2010, and were fully exercised in July 2010; and the second tranche was exercisable to purchase 15,107,644 series D preferred shares from April 2, 2010 to July 1, 2011, and were fully exercised in December 2010, with the underlying shares issued in January 2011. In addition, in April 2008, we issued an aggregate of 3,133,438 series D preferred shares to Joho Capital and certain affiliates of SBI Investment Co., Ltd. for aggregate consideration of US\$30 million.

Upon the issuance of the series D preferred shares, we repurchased from certain series C preferred shareholders 5,089,639 series C shares for US\$48.1 million, which was US\$36.8 million over the carrying amount of the series C preferred shares.

On December 18, 2009, we repurchased 3,500,000 series A preferred shares, 145,714 series B preferred shares, and 3,701,469 series C preferred shares from certain preferred shareholders for US\$2.1 million, US\$0.9 million and US\$21.7 million, respectively. The aggregate repurchase price was US\$16.3 million over the carrying amount of the series A, B and C preferred shares. After the completion of these repurchases, the

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numbers of outstanding series A, series B and series C preferred shares were 9,650,000, 9,110,154 and 12,804,844, respectively.

In January 2010, we repurchased 1,140,000 series A preferred shares and 900,000 series B preferred shares from certain preferred shareholders for US\$6.8 million and US\$5.4 million, respectively.

In August 2010, we repurchased 5,355,953 ordinary shares from certain shareholders and 60,000 series B preferred shares from a series B preferred shareholder for US\$38.8 million and US\$0.3 million, respectively. The repurchased ordinary shares were canceled immediately.

In October 2010, we repurchased 688,844 ordinary shares from certain shareholders for US\$3.6 million. The repurchased ordinary shares were canceled immediately.

As none of the holders of our preferred shares or warrants to purchase our preferred shares was our related party prior to each holder's investment in our securities, the price of each series of preferred shares was determined based on negotiations between us and the investors and was approved by our board of directors. Our series A, B, C and D preferred shares will automatically convert into ordinary shares at their then effective conversion prices upon the completion of this offering. The initial conversion price is equal to the original issuance price, subject to adjustments for dilution, including but not limited to issuance of additional ordinary shares and share splits, in accordance with the applicable provisions of our current amended and restated memorandum and articles of association.

In March 2011, we effected a ten-for-one share split. As a result, the number of our issued and outstanding ordinary shares increased from 29,785,365 to 297,853,650, the number of our issued and outstanding series A preferred shares increased from 8,510,000 to 85,100,000, the number of our issued and outstanding series B preferred shares increased from 8,150,154 to 81,501,540, the number of our issued and outstanding series C preferred shares increased from 12,486,189 to 124,861,890 and the number of our issued and outstanding series D preferred shares increased from 43,420,489 to 434,204,890.

Option Grants. We have granted to certain of our directors, officers and employees options to purchase an aggregate of 51,683,790 ordinary shares that were outstanding as of the date of this prospectus. See Management Equity Incentive Plans.

Exempted Company

We are an exempted company duly incorporated with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company, the objects of which are to conduct business mainly outside of the Cayman Islands, may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the material exemptions and privileges, including (a) an exempted company does not have to file an annual return of its shareholder with the Registrar of Companies, (b) an exempted company is not required to open its register of members for inspection, (c) an exempted company does not have to hold an annual general meeting, (d) an exempted company may in certain circumstances issue no par value, negotiable or bearer shares, and an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands.

Furthermore, the Companies Law provides that the ownership of shares in Cayman Islands companies is determined by the entry of shareholders in a company's statutory register of members. Therefore, the shares that are the subject of this offering or any future offering or trading will be considered to have been validly issued pursuant to our amended and restated memorandum and articles of association once the issuance has been duly authorized and once our register of members has been updated to reflect their issuance.

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Differences in Corporate Law

The Companies Law is modeled after that of the United Kingdom but does not follow recent United Kingdom statutory enactments. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. In particular, the rights and obligations of a Cayman Islands company are governed primarily by the terms of its memorandum and articles of association more so than by the provisions of the Companies Law. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) merger means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a consolidation means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies into the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by either (a) a special resolution of the shareholders of each constituent company voting together as one class if the shares to be issued to each shareholder in the consolidated or surviving company will have the same rights and economic value as the shares held in the relevant constituent company, or (b) a shareholder resolution of each constituent company passed by a majority in number representing 75% in value of the shareholders voting together as one class. The plan must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. A dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved. Prior to sanctioning the arrangement, the Grand Court must determine that:

all statutory provisions as to notification, disclosure and majority vote have been met;

all classes of shareholders have been fairly represented and acting in good faith at the meeting in question;

the arrangement is such that an honest, intelligent man acting in his own best interest would reasonably approve; and

the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a take-over offer is made and accepted by holders of 90.0% of the shares within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

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If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders Suits. In principle, we will normally be the proper plaintiff and a derivative action may not be brought by a minority shareholder. However, based on English authority, which would be of persuasive authority in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting or proposing to act illegally or *ultra vires*;

- the act complained of, although not *ultra vires*, could be effected duly if authorized by more than a simple majority vote which has not been obtained; and

- those who control the company are perpetrating a fraud on the minority.

Transactions with Directors. Under the Delaware General Corporation Law, or the DGCL, transactions with directors must be approved by disinterested directors or by the shareholders, or otherwise proven to be fair to the company as of the time it is approved. Such transaction will be void or voidable, unless (i) the material facts of any interested directors, interests are disclosed or are known to the board of directors and the transaction is approved by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts of any interested directors, interests are disclosed or are known to the shareholders entitled to vote thereon, and the transaction is specifically approved in good faith by vote of the shareholders; or (iii) the transaction is fair to the company as of the time it is approved.

Cayman Islands laws do not restrict transactions with directors, requiring only that directors exercise a duty of care and discharge the fiduciary duty owed to the companies for which they serve. Under our amended and restated memorandum and articles of association, subject to any separate requirement for audit committee approval under the applicable rules of the NYSE or unless disqualified by the chairman of the relevant board meeting, so long as a director discloses the nature of his interest in any contract or arrangement which he is interested in, such a director may vote in respect of any contract or proposed contract or arrangement in which such director is interested and may be counted in the quorum at such a meeting.

Directors Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care generally requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, but subject to certain exceptions, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties.

Under Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company, and therefore it is considered that he or she owes the following duties to the company: a duty to act bona fide in the best interests of the company; a duty not to make a profit out of his or her position as director (unless the company permits him or her to do so); and a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interests or his or her duty to a third party. A director of a Cayman Islands company also owes to the company a common law duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater

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degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, there are indications that the courts are moving towards an objective standard with regard to the required skill and care.

Under our post-offering amended and restated memorandum and articles of association, directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our company shall be required to declare the nature of their interest at a meeting of the board of directors. Following such declaration, a director may vote in respect of any contract or proposed contract notwithstanding his interest.

Majority Independent Board. A domestic U.S. company listed on the NYSE must comply with the NYSE requirement that a majority of the board of directors must be comprised of independent directors as defined under Section 303A of the Corporate Governance Rules of the NYSE. As a Cayman Islands corporation, we are allowed to follow home country practices in lieu of certain corporate governance requirements under the NYSE rules where there is no similar requirement under the laws of the Cayman Islands. However, we have no present intention to rely on home country practice with respect to our corporate governance matters, and we intend to comply with the NYSE rules after the completion of this offering.

Shareholder Action by Written Consent. Under the DGCL, a corporation may eliminate the right of shareholders to act by written consent by inclusion of such a restriction in its certificate of incorporation. Cayman Islands law and our post-offering articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. The DGCL does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the certificate of incorporation or bylaws, but shareholders may be precluded from calling special meetings.

Cayman Islands law does not provide shareholders any right to bring business before a meeting or requisition a general meeting. However, these rights may be provided in articles of association. Our post-offering memorandum and articles of association allow our shareholders holding not less than one-third of our paid-up voting share capital to requisition a shareholder's meeting. As an exempted Cayman Islands company, we are not obliged by law to call general meetings of the shareholders.

Cumulative Voting. Under the DGCL, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our post-offering articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the DGCL, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors can be removed by a special resolution of shareholders.

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Transactions with Interested Shareholders. The DGCL contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by an amendment to its certificate of incorporation or bylaws that is approved by its shareholders, it is prohibited from engaging in certain business combinations with an interested shareholder for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns 15% or more of the corporation's outstanding voting stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Amendment of Governing Documents. Under the DGCL, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under Cayman Islands law, our post-offering memorandum and articles of association may only be amended by way of a special resolution.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Indemnification. Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

We intend to adopt an amended and restated memorandum and articles of association upon the closing of this offering. Under our amended and restated memorandum and articles of association, we may indemnify our directors, officers, employees and agents against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such persons in connection with actions, suits or proceedings to which they are party or are threatened to be made a party by reason of their acting as our directors, officers, employees or agents. To be entitled to indemnification, these persons must have acted honestly, in good faith and in the best interest of and not contrary to the interest of our company, and must not have acted in a manner willfully or grossly negligent and, with respect to any criminal action, they must have had no reasonable cause to believe their conduct was unlawful. Our amended and restated memorandum and articles of association may also provide for indemnification of such person in the case of a suit initiated by our company or in the right of our company.

We intend to enter into indemnification agreements with our directors and executive officers to indemnify them to the fullest extent permitted by applicable law and our articles of association, from and against all costs, charges, expenses, liabilities and losses incurred in connection with any litigation, suit or proceeding to which such director is or is threatened to be made a party, witness or other participant.

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Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been advised that in the opinion of the U.S. Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and therefore is unenforceable.

Registration Rights

Pursuant to our current amended and restated investors' rights agreement entered into in April 2008, we have granted certain registration rights to holders of our registrable securities, which include our preferred shares and ordinary shares converted from our preferred shares. Set forth below is a description of the registration rights granted under this agreement.

Demand Registration Rights. Holders of registrable securities have the right to demand that we file a registration statement covering the offer and sale of their securities. We, however, are not obligated to effect a demand registration if, among other things, we have already effected two demand registrations. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determine in good faith that filing of a registration will be materially detrimental to us, but we cannot exercise the deferral right more than once in any twelve-month period.

Form F-3 Registration Rights. When we are eligible for use of Form F-3, holders of registrable securities then outstanding have the right to request in written form that we file a registration statement under Form F-3. We, however, are not obligated to effect a registration on Form F-3 if, among other things, we have already effected two registrations within any twelve-month period preceding the date of the registration request. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determines in good faith that filing of a registration will be materially detrimental to us, but we cannot exercise the deferral right more than once in any twelve-month period.

Piggyback Registration Rights. If we propose to file a registration statement in connection with a public offering of securities of our company other than relating to an equity incentive plan or corporate reorganization, then we must offer each holder of the registrable securities the opportunity to include their shares in the registration statement. We must use our reasonable best efforts to cause the underwriters in any underwritten offering to permit any such shareholder who so requests to include their shares. Such requests for registrations are not counted as demand registrations.

Expenses of Registration. We will pay all expenses relating to any demand, piggyback or Form F-3 registration, except for underwriting discounts and commissions relating to the sale of registrable securities, unless, subject to a few exceptions, a registration request is subsequently withdrawn at the request of the holders of registrable securities.

In connection with the concurrent private placements, we will enter into a registration rights agreement with the investors in the concurrent private placements, pursuant to which we will grant the investors the Form F-3 registration rights and the piggyback registration rights as set forth above. In addition, we will agree to pay expenses relating to the investors' exercise of Form F-3 registration rights and piggyback registration rights, except for underwriting discounts and commissions relating to the sale of securities, unless, subject to a few exceptions, a registration request is subsequently withdrawn at the request of the investors.

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DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Citibank, N.A., or Citibank, has agreed to act as the depository for the ADSs. Citibank's depository offices are located at 388 Greenwich Street, New York, NY 10013. ADSs represent ownership interests in securities that are on deposit with the depository. ADSs may be represented by certificates that are commonly known as American Depositary Receipts, or ADRs. The depository typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A. Hong Kong, located at 10/F, Harbour Front (II), 22 Tak Fung, Hung Hom, Kowloon, Hong Kong.

We will appoint Citibank as depository pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6 (Registration No. 333-173515). You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov).

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs are detailed in the deposit agreement. We urge you to review the deposit agreement in its entirety. The first paragraph under "Issuance of ADSs Upon Deposit of Class A Ordinary Shares" below describes matters that may be relevant to the ownership of the ADSs sold in this offering but that may not be contained in the deposit agreement.

Each ADS represents the right to receive three Class A ordinary shares on deposit with the custodian. An ADS also represents the right to receive any other property received by the depository or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depository. As an ADS holder you appoint the depository to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depository, the custodian, we nor any of their or our respective agents or affiliates shall be required to take any actions whatsoever on behalf of you to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depository in your name reflecting the registration of uncertificated ADSs directly on the books of the depository (commonly referred to as the direct registration system or DRS). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depository. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depository to the holders of the ADSs. The direct registration system includes automated transfers between the depository and The Depository Trust Company, or DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the

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name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the holder.

Dividends and Distributions

As a holder, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of a specified record date.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depository will arrange for the funds to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the Cayman Islands.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depository will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depository will hold any cash amounts it is unable to distribute in a non-interest-bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depository holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depository will either distribute to holders new ADSs representing the ordinary shares deposited or modify the ADS-to-ordinary share ratio, in which case each ADS you hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary share ratio upon a distribution of ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depository may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (including U.S. securities laws) or if it is not operationally practicable. If the depository does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to purchase additional ordinary shares, we will give prior notice to the depository and we will assist the depository in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to holders.

The depository will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available

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to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

we do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or

we fail to deliver satisfactory documents to the depositary; or

it is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a holder of ordinary shares would receive upon failing to make an election.

Other Distributions

Whenever we intend to distribute property other than cash, ordinary shares or rights to purchase additional ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will not distribute the property to you and will sell the property if:

we do not request that the property be distributed to you or if we ask that the property not be distributed to you; or

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we do not deliver satisfactory documents to the depository; or

the depository determines that all or a portion of the distribution to you is not reasonably practicable. The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depository in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depository will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depository will convert the redemption funds received into U.S. dollars upon the terms of the deposit agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depository. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depository may determine.

Changes Affecting Class A Ordinary Shares

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, a split-up, cancellation, consolidation or reclassification of such Class A ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets.

If any such change were to occur, your ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the Class A ordinary shares held on deposit. The depository may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Class A ordinary shares. If the depository may not lawfully distribute such property to you, the depository may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs Upon Deposit of Class A Ordinary Shares

Upon the completion of this offering, the Class A ordinary shares that are being offered for sale pursuant to this prospectus will be deposited by us and the selling shareholders with the custodian. Upon receipt of confirmation of such deposit, the depository will issue ADSs to the underwriters named in this prospectus.

The depository may create ADSs on your behalf if you or your broker deposit Class A ordinary shares with the custodian. The depository will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of Class A ordinary shares to the custodian. Your ability to deposit Class A ordinary shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depository or the custodian receives confirmation that all required approvals have been given and that the Class A ordinary shares have been duly transferred to the custodian. The depository will only issue ADSs in whole numbers.

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When you make a deposit of Class A ordinary shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

the Class A ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained;

all preemptive (and similar) rights, if any, with respect to such Class A ordinary shares have been validly waived or exercised;

you are duly authorized to deposit the Class A ordinary shares;

the Class A ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, restricted securities (as defined in the deposit agreement); and

the Class A ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

If you hold ADRs, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

ensure that the surrendered ADR certificate is properly endorsed or otherwise in proper form for transfer;

provide such proof of identity and genuineness of signatures as the depositary deems appropriate;

provide any transfer stamps required by the State of New York or the United States; and

pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders pursuant to the terms of the deposit agreement upon a combination or split up of ADRs.

Withdrawal of Class A Ordinary Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying Class A ordinary shares at the custodian's offices. Your ability to withdraw the Class A ordinary shares may be limited by U.S. and Cayman Islands legal considerations applicable at the time of withdrawal. In order to withdraw the Class A ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Class A ordinary shares being withdrawn. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

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If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

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You will have the right to withdraw the Class A ordinary shares represented by your ADSs at any time except for:

temporary delays that may arise because (i) the transfer books for the Class A ordinary shares or ADSs are closed or (ii) the Class A ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends;

obligations to pay fees, taxes and similar charges; and

restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depository to exercise the voting rights for the Class A ordinary shares represented by your ADSs. The voting rights of holders of ordinary shares are described in the section entitled "Description of Share Capital - Ordinary Shares - Voting Rights."

If we ask for your instructions in a timely manner pursuant to the deposit agreement, as soon as practicable after receiving notice of any meeting or solicitation of consents or proxies from us, the depository will distribute to the registered ADS holders a notice stating such information as is contained in the voting materials received by the depository and describing how you may instruct the depository to exercise the voting rights for the shares which underlie your ADSs, including circumstances under which a discretionary proxy may be given to a person designated by us. At our request, the depository will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depository to exercise the voting rights of the securities represented by ADSs.

Voting at our shareholders' meetings is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of our board of directors or any shareholder holding at least 10% of the shares given a right to vote at such meeting, present in person or by proxy. If the depository timely receives voting instructions from a holder of ADSs, the depository will endeavor to cause the Class A ordinary shares on deposit to be voted as follows: (a) in the event voting takes place at a shareholders' meeting by show of hands, the depository will instruct the custodian to vote, directly or by proxy, all Class A ordinary shares on deposit in accordance with the voting instructions received from a majority of the holders of ADSs who provided voting instructions; or (b) in the event voting takes place at a shareholders' meeting by poll, the depository will instruct the custodian to vote, directly or by proxy, the Class A ordinary shares on deposit in accordance with the voting instructions received from holders of ADSs.

In the event of voting by poll, holders of ADSs in respect of which no timely voting instructions have been received shall be deemed to have instructed the depository to give a discretionary proxy to a person designated by us to vote the Class A ordinary shares represented by such holders' ADSs; provided, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depository that we do not wish such proxy to be given; provided, further, that no such discretionary proxy shall be given (x) with respect to any matter as to which we inform the depository that (i) there exists substantial opposition, or (ii) the rights of holders of ADSs or the shareholders of our company will be adversely affected and (y) in the event that the vote is on a show of hands.

Please note that the ability of the depository to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depository in a timely manner.

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In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, pursuant to the deposit agreement, we will give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date, although our post-IPO memorandum and articles of association only otherwise require an advance notice of at least 20 days.

Both shareholders and the depositary (or its proxy) acting on behalf of ADS holders have the option of voting in person or by proxy at a shareholders meeting.

Fees and Charges

As an ADS holder, you will be required to pay the following service fees to the depositary:

Service	Fees
Issuance of ADSs	Up to \$0.05 per ADS issued
Cancellation of ADSs	Up to \$0.05 per ADS canceled
Distribution of cash dividends or other cash distributions	Up to \$0.05 per ADS held
Distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights.	Up to \$0.05 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to \$0.05 per ADS held
Depositary services	Up to \$0.05 per ADS held on the applicable record date(s) established by the depositary
Transfer of ADRs	\$1.50 per certificate presented for transfer

As an ADS holder you will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

fees for the transfer and registration of Class A ordinary shares charged by the registrar and transfer agent for the Class A ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of Class A ordinary shares);

expenses incurred for converting foreign currency into U.S. dollars;

expenses for cable, telex and fax transmissions and for delivery of securities;

taxes and duties upon the transfer of securities (i.e., when Class A ordinary shares are deposited or withdrawn from deposit); and

fees and expenses incurred in connection with the delivery or servicing of Class A ordinary shares on deposit.

Depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary and by the brokers (on behalf of their clients) delivering the ADSs to the depositary for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (such as stock dividends and rights distributions), the depositary charges

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the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement, by making available a portion of the depositary fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary may agree from time to time. As described in the deposit agreement, we or the depositary may withhold or deduct from any distributions made in respect of Class A ordinary shares and may sell for the account of a holder any or all of the Class A ordinary shares and apply such distributions and sale proceeds in payment of any taxes (including applicable interest and penalties) or charges that are or may be payable by holders in respect of the ADSs.

Amendments and Termination

We may agree with the depositary to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

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Books of Depository

The depository will maintain ADS holder records at its depository office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depository will maintain facilities in New York to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depository's obligations to you. It also limits our liability and the liability of the depository. Please note the following:

We and the depository are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.

The depository disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.

The depository disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for any failure by us to give notice.

We and the depository will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.

We and the depository disclaim any liability if we or the depository are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.

We and the depository disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for the deposit agreement or in our articles of association or in any provisions of or governing the securities on deposit.

We and the depository further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting ordinary shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.

We and the depository also disclaim liability for the inability of a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of ordinary shares but is not, under the terms of the deposit agreement, made available to you.

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We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

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Pre-Release Transactions

Subject to the terms and conditions of the deposit agreement, the depositary may issue to broker/dealers ADSs before receiving a deposit of Class A ordinary shares or release Class A ordinary shares to broker/dealers before receiving ADSs for cancellation. These transactions are commonly referred to as pre-release transactions, and are entered into between the depositary and the applicable broker/dealer. The deposit agreement limits the aggregate size of pre-release transactions (not to exceed 30% of the shares or deposit in the aggregate) and imposes a number of conditions on such transactions (i.e., the need to receive collateral, the type of collateral required, the representations required from brokers, etc.). The deposit agreement states that the pre-release transaction must at all times be fully collateralized with cash, U.S. government securities or such other collateral as the depositary deems appropriate. The depositary may retain the compensation received from the pre-release transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.

Distribute the foreign currency to holders for whom the distribution is lawful and practical.

Hold the foreign currency (without liability for interest) for the applicable holders.

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SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have 53,100,000 ADSs outstanding, representing approximately 13.5% of our outstanding ordinary shares, assuming (i) the underwriters do not exercise their over-allotment option to purchase additional ADSs, and (ii) we will issue and sell a total of 25,384,612 Class A ordinary shares to a group of unrelated third-party investors through concurrent private placements, which number of shares has been calculated based on an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus. All of the ADSs sold in this offering will be freely transferable by persons other than by our affiliates without restriction or further registration under the Securities Act. Sales of substantial amounts of our ADSs in the public market could adversely affect prevailing market prices of our ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and although we have applied to list the ADSs on the NYSE, we cannot assure you that a regular trading market will develop for the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

Lock-up Agreements

We have agreed that we will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership interests), directly or indirectly, any of our ADSs or ordinary shares or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ADSs or ordinary shares or any substantially similar securities, without the prior written consent of the representatives of the underwriters for a period ending 180 days after the date of this prospectus, except issuances pursuant to the exercise of employee share options outstanding on the date hereof and certain other exceptions. However, in the event that either (1) during the last 17 days of the lock-up period, we release earnings results or announce any material news or a material event or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period following the last day of the lock-up period, then in each case the lock-up period will be automatically extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the announcement of the material news or material event, as applicable, unless the representatives waive, in writing, such an extension.

All of our executive officers, directors, and our principal existing shareholders have agreed that, subject to certain exceptions, not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership interests), directly or indirectly, any of our ADSs or ordinary shares or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ADSs or ordinary shares or any substantially similar securities, without the prior written consent of the representatives for a period ending 180 days after the date of this prospectus. However, in the event that either (i) during the last 17 days of the relevant lock-up period, we release earnings results or announce any material news or a material event or (ii) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period following the last day of the lock-up period, then in each case the lock-up period will be automatically extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the announcement of the material news or material event, as applicable, unless the representatives waive, in writing, such an extension. After the expiration of the 180-day period, the ordinary shares or ADSs held by our principal existing shareholders, executive officers and directors may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

In addition, we have instructed Citibank, N.A., as depository, not to accept any deposit of ordinary shares or issue any ADSs for 180 days after the date of this prospectus (other than in connection with this offering), unless we otherwise instruct the depository with the prior written consent of the representatives of the underwriters.

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Rule 144

All of our ordinary shares outstanding prior to this offering are restricted securities as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of us and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell within any three-month period a number of restricted securities that does not exceed the greater of the following:

1% of the then outstanding ordinary shares, in the form of ADSs or otherwise, which will equal approximately 11.9 million ordinary shares immediately after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs; or

the average weekly trading volume of our ordinary shares, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the U.S. Securities and Exchange Commission.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell such ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the lock-up agreements described above. See Description of Share Capital Registration Rights.

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TAXATION

The following summary of the material Cayman Islands, PRC and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Appleby, our special Cayman Islands counsel; to the extent it relates to PRC tax law, it is the opinion of TransAsia Lawyers, our special PRC counsel; and to the extent that the discussion states definitive legal conclusions under United States federal income tax law as to the material United States federal income tax consequences of an investment in our ADSs or ordinary shares, and subject to the qualifications herein, it represents the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, our special United States counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

People's Republic of China Taxation

We are a holding company incorporated in the Cayman Islands, which holds 100% of our equity interests in our PRC subsidiary indirectly through CIAC. Our business operations are principally conducted through our PRC subsidiary. The New EIT Law and its implementation rules, both of which became effective on January 1, 2008, provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent that is not a PRC resident enterprise and has no establishment in the PRC, will normally be subject to PRC withholding tax at a rate of 10%.

Under the New EIT Law, enterprises established under the laws of jurisdictions outside China with their *de facto* management bodies located within China may be considered to be PRC tax resident enterprises for tax purposes. If we are considered a PRC tax resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%.

The implementation rules of the New EIT Law provide that (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or capital gains are treated as China-sourced income. It is not clear how *domicile* may be interpreted under the New EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered as a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders or ADS holders as well as gains recognized by such shareholders or ADS holders from the transfer of our shares or ADSs may be regarded as China-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%.

See **Risk Factors** **Risks Related to Doing Business in China** Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain recognized by such shareholders or ADS holders, may be subject to PRC taxes under the New EIT Law, which would have a material adverse effect on our results of operations.

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Material United States Federal Income Tax Considerations

The following is a discussion of the material United States federal income tax considerations relating to the acquisition, ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that will acquire our ADSs or ordinary shares in the offering and will hold our ADSs or ordinary shares as capital assets (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the Code). This discussion is based upon existing United States federal tax law, including the Code, its legislative history, existing, temporary and proposed regulations thereunder, published rulings and court decisions, all of which are subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the IRS with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (for example, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships (or other entities treated as partnerships for United States federal income tax purposes) and their partners and tax-exempt organizations (including private foundations), holders who are not U.S. Holders, holders who own (directly, indirectly or constructively) 10% or more of our voting stock, holders who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation, investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for United States federal income tax purposes, or investors that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not discuss any United States federal estate, gift or alternative minimum tax consequences or any non-United States, state or local tax considerations. Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations of an investment in our ADSs or ordinary shares.

General

For purposes of this discussion, a U.S. Holder is a beneficial owner of our ADSs or ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner of a partnership holding our ADSs or ordinary shares, the U.S. Holder is urged to consult its tax advisor regarding an investment in our ADSs or ordinary shares.

Our company is a corporation organized under the laws of the Cayman Islands. As such, our company believes that it is properly classified as a non-United States corporation for United States federal income tax purposes. Under certain provisions of the Code and regulations, however, if pursuant to a plan (or a series of related transactions), a non-United States corporation such as our company acquires substantially all of the assets of a United States corporation, and after the acquisition 80% or more of the stock (by vote or value) of the non-United States corporation (excluding stock issued in a public offering related to the acquisition) is owned by former shareholders of the United States corporation by reason of their ownership of the United States corporation, the non-United States corporation will be considered a United States corporation for United States

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federal income tax purposes. Based on our analysis of the facts related to our corporate restructuring in 2005 and 2006, we do not believe that we should be treated as a United States corporation for United States federal income tax purposes. However, as there is no direct authority on how the relevant rules of the Code might apply to us, our company's conclusion is not free from doubt. Therefore, our conclusion may be challenged by the United States tax authorities and a finding that we owe additional United States taxes could substantially reduce the value of your investment in our company. You are urged to consult your tax advisor concerning the income tax consequences of purchasing, holding or disposing of ADSs or ordinary shares if we were to be treated as a United States domestic corporation for United States federal income tax purposes. The remainder of this discussion assumes that our company is treated as a non-United States corporation for United States federal income tax purposes.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with the terms thereof.

For United States federal income tax purposes, a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of passive income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income, or the asset test. For this purpose, cash and assets readily convertible into cash are categorized as a passive asset and the company's unbooked intangibles are taken into account. Passive income is any income that would be foreign personal holding company income under the Code, including dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income, net gains from commodity transactions, net foreign currency gains and income from notional principal contracts. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Although the law in this regard is unclear, we treat Qianxiang Tiancheng, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements. If it were determined, however, that we are not the owner of the above entities for the United States federal income tax purposes, we would likely be treated as a PFIC for the 2012 taxable year and any subsequent taxable year.

A non-United States corporation that is a controlled foreign corporation, or CFC, for United States federal income tax purposes may be required to use the adjusted basis of its assets in applying the PFIC asset test, which may increase the likelihood that it qualifies as a PFIC. The legislative history to the special PFIC adjusted basis rule can be read as intending for the rule to apply only to United States persons that own at least 10% of the voting stock of the non-U.S. corporation; however, this limitation is not reflected in the statute. We would be treated as a CFC for any year on any day of which U.S. Holders each own (directly, indirectly or by attribution) at least 10% of our voting shares and together own more than 50% of the total combined voting power of all classes of our voting shares or more than 50% of the total value of our shares (the CFC Ownership Test). Hence, although we believe that our U.S. Holders do not satisfy the CFC Ownership Test currently, and it is not clear that they did for any prior portion of 2011, it is possible that they might be so treated. Therefore, if we are treated as a controlled foreign corporation for United States federal income tax purposes for any portion of our taxable year that includes this offering, we would likely be classified as a PFIC. If we are so classified, our ADSs

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or ordinary shares generally will continue to be treated as shares in a PFIC for all succeeding years during which a U.S. Holder holds our ADSs or ordinary shares, unless we cease to be a PFIC (as is expected for 2012 and subsequent taxable years) and the U.S. Holder makes a deemed sale election or deemed dividend election with respect to the ADSs or ordinary shares. If you make a deemed sale election, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value as of the last day of the last year during which we were a PFIC (the termination date). If you make a deemed dividend election, you will be required to include in income as a deemed dividend your pro-rata share of our earnings and profits accumulated during any portion of your holding period ending at the close of the termination date and attributable to the ADSs or ordinary shares held on the termination date. Any gain from such deemed sale or any income from such deemed dividend would be subject to the consequences described below under Passive Foreign Investment Company Rules. If we are not profitable (as determined for financial reporting purposes) for 2011, the deemed dividend election may not have any adverse United States federal income tax effect on you. Financial reporting accounting is different, however, from the computation of net income and earnings and profits under the Code. You are urged to consult your tax adviser regarding our possible status as a PFIC as well as the benefit of making an actual or protective deemed dividend election or deemed sale election.

Assuming that we are the owner of Qianxiang Tiancheng, Qianxiang Wangjing, Qianxiang Changda and Beijing Nuomi for United States federal income tax purposes, we primarily operate as a provider of real name social networking services and other internet services. Although the law in this area is in many instances unclear, based on our current income and assets and projections as to the value of our ADSs and outstanding ordinary shares pursuant to this offering, we do not expect to be classified as a PFIC for the 2012 taxable year or the foreseeable future thereafter. While we do not anticipate PFIC status for such years, because the value of our assets for purposes of the asset test will generally be determined by reference to the market price of our ADSs or ordinary shares, fluctuations in the market price of our ADSs or ordinary shares may cause us to be PFIC for the 2012 or subsequent taxable years. In estimating the value of our goodwill and other unbooked intangible assets, we have taken into account our anticipated market capitalization following the closing of this offering. Among other matters, if our market capitalization is less than anticipated or subsequently declines, we may be classified as a PFIC for the 2012 taxable year or subsequent taxable years. We expect to file annual reports on Form 20-F with the U.S. Securities and Exchange Commission in which we will update our expectations as to whether or not we anticipate being a PFIC for such year.

The composition of our income and our assets will also be affected by (i) future growth in activities that may potentially produce passive income, and (ii) how, and how quickly, we spend our liquid assets and the cash raised in this offering. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

Furthermore, because there are uncertainties in the application of the relevant rules, it is possible that the IRS may successfully challenge our classification of certain income and assets as non-passive, which may result in our company being classified as a PFIC for the 2012 taxable year or subsequent taxable years. Because PFIC status is a fact-intensive determination made on an annual basis and will depend upon the composition of our assets and income, and the value of our tangible and intangible assets from time to time, no assurance can be given that we are not or will not become classified as a PFIC.

The discussion below under Dividends and Sale or Other Disposition of ADSs or Ordinary Shares is written on the basis that we will not be classified as a PFIC for United States federal income tax purposes. The United States federal income tax rules that apply if we are classified as a PFIC for the 2011 taxable year or subsequent taxable years are generally discussed below under Passive Foreign Investment Company Rules.

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Dividends

Any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be treated as a dividend for United States federal income tax purposes. For taxable years beginning before January 1, 2013, a non-corporate U.S. Holder that is the recipient of dividend income generally will be subject to tax on dividend income from a qualified foreign corporation at a maximum United States federal tax rate of 15% rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period requirements are met. A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States. We have applied to list the ADSs on the NYSE. Provided the listing is approved on the NYSE, which is an established securities market in the United States, the ADSs are expected to be readily tradable. Thus, we believe that dividends we pay on our ADSs will meet the conditions required for the reduced tax rates. Since we do not expect that our ordinary shares will be listed on an established securities market, we do not believe that dividends we pay on our ordinary shares that are not represented by ADSs will meet the conditions required for these reduced tax rates. Dividends received on our ADSs or ordinary shares will not be eligible for the dividend received deduction allowed to corporations.

In the event that we are deemed to be a PRC resident enterprise under the PRC New EIT Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares. In such case, we may, however, be eligible for the benefits of the United States-PRC income tax treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by our ADSs, would be eligible for the reduced rates of taxation applicable to qualified dividend income, as discussed above.

Dividends generally will be treated as income from foreign sources for United States foreign tax credit purposes and generally will constitute passive category income. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld, may instead claim a deduction, for United States federal income tax purposes, in respect of such withholdings, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the discussion below under *Passive Foreign Investment Company Rules*, a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. Capital gains of non-corporate U.S. Holders derived from capital assets held for more than one year are currently eligible for reduced rates of taxation. In the event that gain from the disposition of the ADSs or ordinary shares is subject to tax in the PRC, such gain may be treated as PRC source gain under the United States-PRC income tax treaty. The deductibility of a capital loss is subject to limitations. U.S. Holders are urged to

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consult their tax advisors regarding the tax consequences if a foreign withholding tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special United States federal income tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including a pledge, of ADSs or ordinary shares. Under the PFIC rules the:

- excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;

- amounts allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC, or a pre-PFIC year, will be taxable as ordinary income;

- amounts allocated to each prior taxable year, other than the current taxable year or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to you for that year; and

- interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than the current taxable year or a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our non-United States subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of each such non-United States subsidiary classified as a PFIC (each such subsidiary, a lower tier PFIC) for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of marketable stock in a PFIC may make a mark-to-market election with respect to our ADSs, but not our ordinary shares, provided that the listing of the ADSs on the NYSE is approved and that the ADSs are regularly traded. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes a valid mark-to-market election, the U.S. Holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. In the case of a U.S. Holder who has held ADSs or ordinary shares during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs or ordinary shares (or any portion thereof) and has not previously determined to make a mark-to-market election, and who is considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs or ordinary shares through the use of a deemed sale or

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deemed dividend election, as discussed above under *Passive Foreign Investment Company Considerations*.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the U.S. Holder must file an annual IRS Form 8621 or such other form as is required by the United States Treasury Department. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding and disposing ADSs or ordinary shares if we are or become classified as a PFIC, including the possibility of making a mark-to-market election and the unavailability of the election to treat us as a qualified electing fund.

Information Reporting and Backup Withholding

Dividend payments with respect to the ADSs or ordinary shares and proceeds from the sale, exchange or redemption of our ADSs or ordinary shares may be subject to information reporting to the IRS and possible United States backup withholding currently at a rate of 28%. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes other required certifications, or who is otherwise exempt from backup withholding. U.S. Holders that are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's United States federal income tax liability, and a U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Pursuant to the Hiring Incentives to Restore Employment Act enacted on March 18, 2010, in taxable years beginning after the date of enactment, an individual U.S. Holder and certain entities may be required to submit to the IRS certain information with respect to his or her beneficial ownership of the ADSs or ordinary shares, if such ADSs or ordinary shares are not held on his or her behalf by a financial institution. This new law also imposes penalties if an individual U.S. Holder is required to submit such information to the IRS and fails to do so.

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Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. International plc, Deutsche Bank Securities Inc. and Credit Suisse Securities (USA) LLC are acting as representatives, have severally agreed to purchase, and we and the selling shareholders have agreed to sell to them the number of ADSs indicated in the table below:

Name	Number of ADSs
Morgan Stanley & Co. International plc	
Deutsche Bank Securities Inc.	
Credit Suisse Securities (USA) LLC	
Merrill Lynch, Pierce, Fenner & Smith	
Incorporated	
Jefferies & Company, Inc.	
Pacific Crest Securities LLC	
Oppenheimer & Co. Inc.	
Total	53,100,000

The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and the selling shareholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. However, the underwriters are not required to take or pay for the ADSs covered by the underwriters' over-allotment option described below. If an underwriter defaults, the underwriting agreement provides that the underwriting commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters initially propose to offer part of the ADSs directly to the public at the public offering price set forth on the front cover page of this prospectus and part of the ADSs to certain dealers at a price that represents a concession not in excess of US\$ per ADS under the public offering price. Any such dealers may resell ADSs to certain other brokers or dealers at a discount of up to US\$ per ADS. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an additional 7,965,000 ADSs from us at the public offering price set forth on the front cover page of this prospectus, less the underwriting discounts and commissions. The underwriters may exercise such option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase additional ADSs approximately proportionate to each underwriter's initial amount reflected in the table above.

If the underwriters' option is exercised in full, the total price to the public of all the ADSs sold would be US\$, the total underwriting discounts and commissions would be US\$, and the net proceeds to us would be approximately US\$ (after deducting the estimated offering expenses payable by us).

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The following table shows per ADS and total underwriting discounts and commissions to be paid by us in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	Per ADS		Total	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Underwriting discounts and commissions	US\$	US\$	US\$	US\$

The expenses of this offering, not including underwriting discounts and commissions, are estimated to be approximately US\$4.5 million and a certain amount of such expenses will be paid or reimbursed by the underwriters.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of ADSs offered by them.

Some of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the SEC. We have been advised that Morgan Stanley & Co. International plc expects to make offers and sales in the United States through its registered broker-dealer in the United States, Morgan Stanley & Co. Incorporated.

We have applied to have our ADSs listed on the NYSE under the symbol RENN.

Each of our directors and officers and our principal existing shareholders and we have agreed that, without the prior written consent of the representatives on behalf of the underwriters, he, she or it will not, during the period ending 180 days after the date of this prospectus:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any other securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs,

whether any such transaction described above is to be settled by delivery of ordinary shares or ADSs or such other securities, in cash or otherwise.

For each of our directors and officers and our principal existing shareholders, the restrictions described in the preceding paragraph do not apply to transactions relating to ordinary shares, ADSs or other securities acquired in open market transactions after the completion of this offering and certain other exceptions. For us, the restrictions described in the preceding paragraph do not apply to the sale of ordinary shares or ADSs in this offering, the grant of options to purchase ordinary shares under any of our equity incentive plans and certain other exceptions.

In addition, each of our directors and executive officers and our principal existing shareholders have agreed that, without the prior written consent of the representatives on behalf of the underwriters, he, she or it will not, for a period of 180 days after the date of this prospectus, make any demand for, or exercise any right with respect to, the registration of any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs.

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The 180-day restricted period described in the preceding paragraphs will be extended if:

during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or

prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period.

In each of the above cases, the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the date of issuance of the earnings release or the occurrence of the material news or material event.

In addition, we have instructed Citibank, N.A., as depositary, not to accept any deposit of ordinary shares or issue any ADSs for 180 days after the date of this prospectus (other than in connection with this offering), unless we otherwise instruct the depositary with the prior written consent of the representatives of the underwriters.

In order to facilitate the offering of our ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our ADSs. Specifically, the underwriters may sell more ADSs than they are obligated to purchase under the underwriting agreement, creating a short position in our ADSs for their own account. A short sale is covered if the short position is no greater than the number of ADSs available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs compared to the price available under the over-allotment option. The underwriters may also sell ADSs in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our ADSs in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, our ADSs in the open market to stabilize the price of our ADSs. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the ADSs in this offering, if the syndicate repurchases previously distributed ADSs to cover a syndicate short position or to stabilize the price of the ADSs. These activities may raise or maintain the market price of the ADSs above independent market levels. Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our ADSs. The underwriters are not required to engage in these activities and may end any of these activities at any time.

From time to time, certain of the underwriters or their affiliates may provide investment banking and other financial services to us, our affiliates or employees, for which they may in the future receive customary fees and commissions.

We and the selling shareholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments that an indemnified person may be required to make in respect of any of these liabilities.

Concurrently with, and subject to, the completion of this offering, a group of unrelated third-party investors have agreed to purchase from us, severally but not jointly, an aggregate of US\$110 million in Class A ordinary shares at a price per share equal to the initial public offering price adjusted to reflect the ADS-to-ordinary share ratio. Assuming an initial public offering price of US\$13.00 per ADS, the midpoint of the estimated initial public offering price range shown on the front cover page of this prospectus, these investors will purchase a total of 25,384,612 Class A ordinary shares from us. These investors consist of entities affiliated with Alibaba Group, China Media Capital and CITIC Securities, respectively, which have agreed to purchase US\$30 million, US\$34 million and US\$46 million, respectively, of our Class A ordinary shares. These placements are being made

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pursuant to an exemption from registration with the U.S. Securities and Exchange Commission under Regulation S of the Securities Act. In connection with the investment by the entity affiliated with Alibaba Group, we have agreed to pay a placement fee equal to 3% of the aggregate purchase price for the investment to Credit Suisse Securities (USA) LLC as the placement agent. All of these investors have agreed with the underwriters not to, directly or indirectly, sell, transfer or dispose of any Class A ordinary shares acquired in the private placements for a period of 180 days after the date of this prospectus, subject to certain exceptions.

At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of 3,717,000 ADSs offered in this prospectus to our directors, officers, employees, business associates and related persons. Any sale to these persons will be made by Morgan Stanley & Co International plc or its affiliates through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved ADSs, but any purchases they make will reduce the number of ADSs available for sale to the general public. Any reserved ADSs which are not so purchased will be offered by the underwriters to the general public on the same basis as the ADSs being offered in this prospectus.

The address of Morgan Stanley & Co. International plc is 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom. The address of Deutsche Bank Securities Inc. is 60 Wall Street, New York, New York 10005, United States. The address of Credit Suisse Securities (USA) LLC is Eleven Madison Avenue, New York, New York 10010, United States.

Raine Securities LLC is acting as our financial advisor in connection with this offering. Raine Securities LLC has provided advice and assistance with respect to certain matters associated with the initial public offering process. Neither Raine Securities LLC nor any of its affiliates is acting as an underwriter of this offering. Upon the successful completion of this offering, we will pay Raine Securities LLC a fee of approximately US\$250,000 in cash consideration for their services.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares or ADSs. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price will be the future prospects of our company and the industry in general, sales, earnings and certain other financial and operating information of our company in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to those of our company. The estimated initial public offering price range set forth on the front cover page of this prospectus is subject to change as a result of market conditions and other factors.

Electronic Offer, Sale and Distribution of ADSs

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, the underwriters may be facilitating internet distribution for this offering to certain of their internet subscription customers. An electronic prospectus may be available on the internet websites maintained by the underwriters. Other than the prospectus in electronic format, the information on the websites of the underwriters is not part of this prospectus.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material relating to the ADSs may be distributed or published, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof.

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Australia. This prospectus is not a product disclosure statement, prospectus or other type of disclosure document for the purposes of Corporations Act 2001 (Commonwealth of Australia) (the Act) and does not purport to include the information required of a product disclosure statement, prospectus or other disclosure document under Chapter 6D.2 of the Act. No product disclosure statement, prospectus, disclosure document, offering material or advertisement in relation to the offer of the ADSs has been or will be lodged with the Australian Securities and Investments Commission or the Australian Securities Exchange.

Accordingly, (1) the offer of the ADSs under this prospectus may only be made to persons: (i) to whom it is lawful to offer the ADSs without disclosure to investors under Chapter 6D.2 of the Act under one or more exemptions set out in Section 708 of the Act; and (ii) who are wholesale clients as that term is defined in section 761G of the Act; (2) this prospectus may only be made available in Australia to persons as set forth in clause (1) above; and (3) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (1) above, and the offeree agrees not to sell or offer for sale any of the ADSs sold to the offeree within 12 months after their issue except as otherwise permitted under the Act.

Canada. The ADSs may not be offered, sold or distributed, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada, except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer, sale or distribution is made, and only through a dealer duly registered under the applicable securities laws of that province or territory or in accordance with an exemption from the applicable registered dealer requirements.

Cayman Islands. This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs or ordinary shares, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares to the public in the Cayman Islands.

European Economic Area. In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), an offer of the ADSs has not been made or will not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the ADSs to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last (or, in Sweden, its last two) annual or consolidated accounts;
- (c) to fewer than 100, or, if the Relevant Member State has implemented the Amendment Directive, 150, natural or legal persons (other than qualified investors as defined under the Prospectus Directive), subject to the prior consent of the underwriter in charge of the placement appointed by the company for such an offer, according to Article 3.2(b) of the Prospectus Directive and 1.3(a)(i) of the Amending Prospectus Directive; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of ADSs shall result in a requirement for the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

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For the purposes of this provision, (i) the expression an offer to the public in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase any ADSs, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state (ii) the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and (iii) the expression Amendment Directive means Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010.

Hong Kong. The ADSs have not been offered and will not be offered other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of Companies Ordinance (Cap. 32) of Hong Kong; and the underwriters have not issued and will not issue any advertisement, invitation or document relating to the ADSs, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under the Ordinance.

Israel. In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following:

- (a) a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;
- (b) a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund;
- (c) an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- (d) a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- (e) a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;
- (f) a company that is a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- (g) an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968;
- (h) a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above-average risk);
- (i) an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and

- (j) an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which the shareholders equity (including pursuant to foreign accounting rules, international accounting regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS 250 million.

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Any offeree of the ADSs offered hereby in the State of Israel shall be required to submit written confirmation that it falls within the scope of one of the above criteria. This prospectus will not be distributed or directed to investors in the State of Israel who do not fall within one of the above criteria.

Japan. The ADSs have not been and will not be registered under the Financial Instruments and Exchange Law of Japan as amended. The ADSs have not been offered or sold and will not be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term shall mean any person resident in Japan or any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and other applicable laws, regulations and governmental guidelines in Japan.

People's Republic of China. This prospectus has not been and will not be circulated or distributed in the PRC, and the ADSs may not be offered or sold, and will not be offered or sold, directly or indirectly, to any resident of the PRC or to persons for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purposes of this paragraph, the PRC does not include Taiwan or the Special Administrative Regions of Hong Kong and Macau.

Singapore. This prospectus has not been and will not be lodged with or registered as a prospectus by the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or the invitation for subscription or purchase of the ADSs may not be issued, circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined under Section 4A(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and pursuant to Section 274 of the SFA, (ii) to a relevant person as defined under Section 275(2) of the SFA and pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of any other applicable provision of the SFA.

Where the ADSs are initially subscribed or purchased pursuant to an offer made in reliance on the exemptions under Sections 274 and 275 of the SFA, within the period of six months from the date of the initial subscription or purchase, these ADSs should only be sold in Singapore to institutional investors, relevant persons or any person pursuant to Section 275(1A) of the SFA.

Where the ADSs are subscribed for or purchased under Section 275 of the SFA by a relevant person that is:

- (a) a corporation (which is not an accredited investor as defined under Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the ADSs under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA;

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(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

Switzerland. The ADSs will not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to our company or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of the ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of the ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the ADSs.

United Arab Emirates and Dubai International Financial Centre. This offering of the ADSs has not been approved or licensed by the Central Bank of the United Arab Emirates (the "UAE"), the Emirates Securities and Commodities Authority or any other relevant licensing authority in the UAE, including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of the UAE, in particular the Dubai Financial Services Authority (the "DFSA"), a regulatory authority of the Dubai International Financial Centre (the "DIFC"). This offering does not constitute a public offer of securities in the UAE, DIFC and/or any other free zone in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended), DFSA Offered Securities Rules and the Dubai International Financial Exchange Listing Rules, respectively, or otherwise.

The ADSs may not be offered to the public in the UAE and/or any of the free zones. The ADSs may be offered and this prospectus may be issued, only to a limited number of investors in the UAE or any of its free zones who qualify as sophisticated investors under the relevant laws and regulations of the UAE or the free zone concerned. The ADSs will not be offered, sold, transferred or delivered to the public in the UAE or any of its free zones.

United Kingdom. This prospectus does not constitute a prospectus for the purposes of the prospectus rules issued by the UK Financial Services Authorities (the "FSA"), pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended, the "FSMA"), and has not been filed with the FSA. The ADSs may not be offered or sold and will not be offered or sold to the public in the United Kingdom (within the meaning of section 102B of the FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (with the meaning of the section 85 of the FSMA) being made available to the public before the offer is made. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any ADSs except in circumstances in which section 21(1) of the FSMA does not apply to the company. This prospectus is directed only at (i) persons who are outside the United Kingdom and (ii) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "FPO"), or (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49 of the FPO.

Any investment or investment activity to which this prospectus relates is only available to and will only be engaged in with such persons and persons who do not fall within (ii) or (iii) above should not rely on or act upon this communication.

Table of Contents**EXPENSES RELATING TO THIS OFFERING**

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, FINRA filing fee and the NYSE listing fee, all amounts are estimates. A portion of the expenses will be reimbursed by the underwriters.

SEC registration fee	US\$	99,255
FINRA filing fee		75,500
NYSE listing fee		125,000
Printing expenses		300,000
Legal fees and expenses		2,500,000
Accounting fees and expenses		900,000
Miscellaneous		510,491
Total		4,510,246

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LEGAL MATTERS

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Shearman & Sterling LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Appleby. Certain legal matters as to PRC law will be passed upon for us by TransAsia Lawyers and for the underwriters by Commerce & Finance Law Offices. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Appleby with respect to matters governed by Cayman Islands law and TransAsia Lawyers with respect to matters governed by PRC law. Shearman & Sterling LLP may rely upon Commerce & Finance Law Offices with respect to matters governed by PRC law.

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EXPERTS

Our consolidated financial statements and the related financial statement schedule as of December 31, 2009 and 2010 and for each of the three years ended December 31, 2010, included in this prospectus, have been audited by Deloitte Touche Tohmatsu CPA Ltd., an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given on their authority as experts in accounting and auditing.

The offices of Deloitte Touche Tohmatsu CPA Ltd. are located at 8/F, Deloitte Tower, The Towers, Oriental Plaza, 1 East Chang An Avenue, Beijing 100738, the People's Republic of China.

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ADDITIONAL INFORMATION

We have filed with the U.S. Securities and Exchange Commission, or the SEC, a registration statement on Form F-1, including relevant exhibits under the Securities Act with respect to underlying ordinary shares represented by the ADSs to be sold in this offering. We have also filed with the SEC a related registration statement on F-6 to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement on Form F-1 and its exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon the effectiveness of the registration statement we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. For fiscal years ending on or after December 15, 2011, we will be required to file our annual report on Form 20-F within 120 days after the end of each fiscal year. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. You may also obtain additional information over the internet at the SEC's website at www.sec.gov.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders, meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

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CONVENTIONS WHICH APPLY TO THIS PROSPECTUS

Except where the context otherwise requires and for the purpose of this prospectus only:

Activated users refers to the number of user accounts on renren.com that have been registered and activated. In our most common registration and activation process, users must first register by entering their email address and other information, and then activate by clicking an activation link in an email we automatically send to the user's email address. Not all registered users activate the accounts they register with us.

ADSs refers to our American depository shares, each of which represents three Class A ordinary shares.

China e-Business Research Center refers to China e-Business Research Center; comScore refers to comScore, Inc.; DCCI refers to Data Center of China Internet; IDC refers to International Data Corporation; iResearch refers to iResearch Inc.; and ZenithOptimedia refers to ZenithOptimedia. All of these are third-party market research firms.

Monthly unique log-in users refers to the number of different user accounts from which renren.com has been logged onto during a given month.

Monthly unique visitors refers to the number of different IP addresses from which a website is visited during a given month. This is a common measurement used by third-party market research firms in assessing user activity on a given website, as they are able to verify this information from publicly available sources. However, this measurement may under-count or over-count the number of users. For example, if many people visit a website through one IP address, such as the IP address of an internet cafe or office, these people will only be counted as one monthly unique visitor. Conversely, if one person visits a website through two IP addresses, such as a personal computer and a hand-held device, this person would be counted as two monthly unique visitors. Due to these limitations, we also use activated users and monthly unique log-in users to measure and review our operational performance.

The PRC or China refers to the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

Preferred shares refers to our series A and series B convertible preferred shares as well as series C and series D convertible redeemable preferred shares, par value US\$0.001 per share.

Shares or ordinary shares refer to, prior to the completion of this offering, our ordinary shares, par value US\$0.001 per share, and, upon, and after the completion of this offering, collectively, our Class A and Class B ordinary shares, par value US\$0.001 per share.

SNS refers to social networking service.

We, us, our company, and our refer to Renren Inc., its subsidiaries, including its PRC subsidiary, Qianxiang Shiji, and its consolidated affiliated PRC entity, Qianxiang Tiancheng, and its subsidiaries.

Except as otherwise indicated, all information in this prospectus:

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assumes no exercise by the underwriters of their option to purchase additional shares to cover over-allotments; and

for all share and per share data, gives retroactive effect to the ten-for-one share split that became effective on March 25, 2011.

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RENREN INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF RENREN INC.

We have audited the accompanying consolidated balance sheets of Renren Inc., and its subsidiaries and variable interest entities (collectively, the Group) as of December 31, 2009 and 2010, and the related consolidated statements of operations, changes in equity (deficit) and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2010, and the related financial statement schedule included in Schedule I. These consolidated financial statements and financial statement schedule are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2009 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to such consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte Touche Tohmatsu CPA Ltd.

Beijing, the People's Republic of China

April 15, 2011

Table of Contents**RENREN INC.****CONSOLIDATED BALANCE SHEETS****(In thousands of US dollars, except share data and per share data, or otherwise noted)**

	2009	As of December 31, 2010	2010 Pro forma (Unaudited) (Note 17)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 90,376	\$ 136,063	\$ 136,063
Short-term investments	36,369	62,318	62,318
Accounts receivable (net of allowances of \$253 and \$233 as of December 31, 2009 and 2010, respectively)	14,362	12,815	12,815
Prepaid expenses and other current assets	6,242	7,274	7,274
Amounts due from related parties	60	218,456	218,456
Deferred tax assets-current		593	593
Total current assets	147,409	437,519	437,519
Equipment, net	11,283	11,307	11,307
Intangible assets, net	5,066	2,747	2,747
Goodwill	7,780	4,420	4,420
Long-term investments	7,584		
Deferred tax assets-noncurrent		481	481
TOTAL ASSETS	\$ 179,122	\$ 456,474	\$ 456,474
LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED SHARES AND EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable (including accounts payable of the consolidated VIE without recourse to Renren Inc. of \$3,040 and \$6,441 as of December 31, 2009 and 2010, respectively)	\$ 3,044	\$ 6,443	\$ 6,443
Accrued expenses and other payables (including accrued expenses and other payables of the consolidated VIE without recourse to Renren Inc. of \$12,177 and \$12,770 as of December 31, 2009 and 2010, respectively)	13,829	14,408	14,408
Deferred revenue (including deferred revenue of the consolidated VIE without recourse to Renren Inc. of \$2,248 and \$4,476 as of December 31, 2009 and 2010, respectively)	2,248	4,476	4,476
Income tax payable (including income tax payable of the consolidated VIE without recourse to Renren Inc. of \$167 and \$34 as of December 31, 2009 and 2010, respectively)	167	64	64
Warrants	21,481		
Total current liabilities	40,769	25,391	25,391
Deferred tax liabilities-noncurrent	937	516	516
TOTAL LIABILITIES	41,706	25,907	25,907

Table of Contents**RENREN INC.****CONSOLIDATED BALANCE SHEETS continued**

(In thousands of US dollars, except share data and per share data, or otherwise noted)

	2009	As of December 31, 2010	2010 Pro forma (Unaudited) (Note 17)
Commitments (Note 27)			
Series C convertible redeemable preferred shares (\$0.001 par value; 215,959,520 shares authorized, and issuance price \$0.223 per share; 128,048,440 and 128,048,440 shares issued and outstanding as of December 31, 2009 and 2010, respectively, liquidation value of \$26,713)	28,520	28,520	
Series D convertible redeemable preferred shares (\$0.001 par value; 434,204,890 shares authorized, and issuance price \$0.993 per share; 207,590,230 and 434,204,890 shares issued and outstanding as of December 31, 2009 and 2010, respectively, liquidation value of \$403,854)	193,398	571,439	
Shareholders Equity (Deficit):			
Series A convertible preferred shares (\$0.001 par value; 100,000,000 shares authorized; 96,500,000 and 85,100,000 shares issued and outstanding as of December 31, 2009 and 2010, respectively)	97	85	
Series B convertible preferred shares (\$0.001 par value; 100,000,000 shares authorized; 91,101,540 and 81,501,540 shares issued and outstanding as of December 31, 2009 and 2010, respectively)	91	82	
Ordinary shares (\$0.001 par value; 2,000,000,000 shares authorized; 250,772,640 and 211,383,000 shares issued and outstanding; and nil shares issued and outstanding on pro forma basis as of December 31, 2009 and 2010, respectively)	251	211	
Class A ordinary shares, US\$0.001 par value, 3,000,000,000 shares authorized, 531,622,870 shares issued and outstanding on a pro forma basis			532
Class B ordinary shares, US\$0.001 par value, 500,000,000 shares authorized, 405,388,450 shares issued and outstanding on a pro forma basis			405
Additional paid in capital		9,470	608,870
Subscription receivable		(4,909)	(4,909)
Statutory reserves	2,595	2,595	2,595
Accumulated deficit	(106,330)	(223,572)	(223,572)
Accumulated other comprehensive income	18,794	46,646	46,646
Total equity (deficit)	(84,502)	(169,392)	430,567
TOTAL LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED SHARES AND EQUITY (DEFICIT)	\$ 179,122	\$ 456,474	\$ 456,474

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**RENREN INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands of US dollars, except share data and per share data, or otherwise noted)**

	Years ended December 31,		
	2008	2009	2010
Net revenues	\$ 13,782	\$ 46,684	\$ 76,535
Cost of revenues	5,667	10,379	16,624
Gross profit	8,115	36,305	59,911
Operating expenses:			
Selling and marketing (including share-based compensation \$79, \$78 and \$121 for the years ended December 31, 2008, 2009 and 2010, respectively)	7,111	19,375	20,281
Research and development (including share-based compensation \$176, \$232 and \$572 for the years ended December 31, 2008, 2009 and 2010, respectively)	4,921	12,937	23,699
General and administrative (including share-based compensation \$977, \$1,946 and \$2,105 for the years ended December 31, 2008, 2009 and 2010, respectively)	4,045	6,510	7,511
Impairment of intangible assets		211	739
Total operating expenses	16,077	39,033	52,230
(Loss) gain from operations	(7,962)	(2,728)	7,681
Change in fair value of warrants	72,875	(68,184)	(74,364)
Exchange (loss) gain on dual currency deposit	(12,908)	1,673	3,781
Interest income	801	288	335
Realized gain on marketable securities		755	
Gain on disposal of cost method investment			40
Impairment on cost method investment	(350)		
Income (loss) before provision for income tax and loss in equity method investment, net of income taxes	52,456	(68,196)	(62,527)
Income tax (expenses) benefit	(523)	31	1,332
Income (loss) before loss in equity method investment, net of income taxes	51,933	(68,165)	(61,195)
Losses in equity method investment, net of income taxes	(41)	(102)	
Income (loss) from continuing operations	51,892	(68,267)	(61,195)
Discontinued operations:			
Loss from operation of discontinued operations, net of tax	(2,740)	(2,481)	(4,301)
Gain on disposal of discontinued operations, net of tax		633	1,341
Loss on discontinued operations, net of tax	(2,740)	(1,848)	(2,960)
Net income (loss)	49,152	(70,115)	(64,155)
Add: Net loss attributable to the noncontrolling interest	185		
Net income (loss) attributable to Renren Inc	\$ 49,337	\$ (70,115)	\$ (64,155)

Table of Contents**RENREN INC.****CONSOLIDATED STATEMENTS OF OPERATIONS continued**

(In thousands of US dollars, except share data and per share data, or otherwise noted)

	2008	Years ended December 31, 2009	2010
Net income (loss) per share:			
Income (loss) from continuing operations per share attributable to Renren Inc. shareholders:			
Basic	\$ 0.00	\$ (0.34)	\$ (0.30)
Diluted	\$ 0.00	\$ (0.34)	\$ (0.30)
Loss from discontinued operations per share attributable to Renren Inc. shareholders			
Basic	\$ (0.01)	\$ (0.01)	\$ (0.01)
Diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)
Net loss per share attributable to Renren Inc. shareholders:			
Basic	\$ (0.01)	\$ (0.35)	\$ (0.31)
Diluted	\$ (0.01)	\$ (0.35)	\$ (0.31)
Weighted average number of shares used in calculating net income (loss) per share			
Basic	247,587,070	250,730,367	244,613,530
Diluted	251,533,130	250,730,367	244,613,530

The accompanying notes are an integral part of these consolidated financial statements.

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RENREN INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT) AND COMPREHENSIVE INCOME (LOSS)

(In thousands of US dollars, except share data and per share data, or otherwise noted)

	Series A convertible preferred shares		Series B convertible preferred shares		Ordinary shares		Additional paid-in capital	Warrants	Accumulated other comprehensive income	Statutory reserves	Accumulated deficit	Total Renren Inc. s deficit	Non-Controlling interest	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount								
January 1, 2008	100,000,000	\$ 100	92,558,680	\$ 93	246,094,040	\$ 246	\$ 20,082	\$ 25	\$ 4,366	\$	\$ (41,851)	\$ (16,939)	\$ 155	\$ (16,784)
Series B warrants					2,519,980	2	149	(25)				126		12
Employee stock option					444,320	1						1		
Share-based compensation							1,232					1,232		1,232
Share-based compensation previously recognized upon disposal of an equity investment, net of tax									(998)			(998)		(998)
Gain on marketable securities, of nil									1,340			1,340		1,340
Acquisition consideration paid for the purchase amount of Series C shares							(21,463)				(15,301)	(36,764)		(36,764)
Issuance of Series D shares to the Company's controlling interest of Renren											(11,926)	(11,926)		(11,926)
Currency translation adjustments								2,190			49,337	49,337	(185)	49,152
December 31, 2008	100,000,000	\$ 100	92,558,680	\$ 93	249,058,340	\$ 249	\$	\$	\$ 6,898	\$	\$ (19,741)	\$ (12,401)	\$	\$ (12,401)
Issuance of ordinary shares					214,300		11					11		11
Share-based compensation					1,500,000	2	268					270		270
Issuance of Series A and B shares	(3,500,000)	(3)	(1,457,140)	(2)			2,256				(2,911)	(2,974)		(2,974)
Acquisition consideration paid for the purchase amount of Series C shares							(2,477)				(10,968)	(13,445)		(13,445)
Gain on marketable securities, of nil									12,687			12,687		12,687
Impairment of operations of available-for-sale - of tax effect of nil									(755)			(755)		(755)
Statutory reserves										2,595	(2,595)			
Currency translation adjustments								(36)				(36)		(36)
December 31, 2009	96,500,000	\$ 97	91,101,540	\$ 91	250,772,640	\$ 251	\$	\$	\$ 18,794	\$ 2,595	\$ (106,330)	\$ (84,502)	\$	\$ (84,502)

Table of Contents**RENREN INC.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT) AND COMPREHENSIVE INCOME (LOSS) continued**

(In thousands of US dollars, except share data and per share data, or otherwise noted)

	Series A convertible preferred shares		Series B convertible preferred shares		Ordinary shares		Accumulated other comprehensive income				Total Renren Inc. s deficit	Total Equity	Total com henc inc (loss the	
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-in capital	Subscription receivable	income	Statutory reserves	Accumulated deficit			
Shares at January 1, 2010	96,500,000	\$ 97	91,101,540	\$ 91	250,772,640	\$ 251	\$	\$	\$ 18,794	\$ 2,595	\$ (106,330)	\$ (84,502)	\$ (84,502)	
Issuance of ordinary shares					10,000,000	10	7,003	(4,909)				2,104	2,104	
Exercise of option					11,058,330	11	1,555					1,566	1,566	
Share-based compensation							2,798					2,798	2,798	
Repurchase of ordinary shares					(60,447,970)	(61)	(1,531)				(40,863)	(42,455)	(42,455)	
Repurchase of Series A	(11,400,000)	(12)						(28)			(6,800)	(6,840)	(6,840)	
Repurchase of Series B			(9,600,000)	(9)				(327)			(5,424)	(5,760)	(5,760)	
Realized gain on available securities, net of effect of nil									27,539			27,539	27,539	\$ 27,539
Translation adjustments									313			313	313	
Other adjustments											(64,155)	(64,155)	(64,155)	(64,155)
Shares at December 31,	85,100,000	\$ 85	81,501,540	\$ 82	211,383,000	\$ 211	\$ 9,470	\$ (4,909)	\$ 46,646	\$ 2,595	\$ (223,572)	\$ (169,392)	\$ (169,392)	\$ (36,155)

The accompanying notes are integral part of these consolidated financial statements.

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