

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2019

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-38261

Kaixin Auto Holdings

(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands

(State or other jurisdiction of
incorporation or organization)

n/a

(I.R.S. Employer
Identification No.)

5/F, North Wing, 18 Jiuxianqiao Middle Road, Chaoyang District, Beijing, People's Republic of China, 100016

(Address of principal executive offices)

+86 (10) 8448 1818

(Issuer's telephone number)

CM Seven Star Acquisition Corporation

Suite 1306, 13/F, AIA Central, 1 Connaught
Road, Central, Hong Kong

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>
Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input checked="" type="checkbox"/>
Emerging Growth Company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 15, 2019, 61,352,859 ordinary shares, par value \$0.0001 per share, were issued and outstanding.

KAIXIN AUTO HOLDINGS
(formerly CM Seven Star Acquisition Corporation)

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2019

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PART I – FINANCIAL STATEMENTS

Item 1. Financial Statements (Unaudited)

**KAIXIN AUTO HOLDINGS
(formerly CM Seven Star Acquisition Corporation)
CONDENSED BALANCE SHEETS**

	March 31, 2019	December 31, 2018
	(Unaudited)	
Assets		
Cash	\$ 53,980	\$ 39,643
Prepaid assets	88,178	59,096
Total Current Assets	<u>142,158</u>	<u>98,739</u>
Cash and securities held in Trust Account	213,708,706	210,455,469
Total assets	<u>\$ 213,850,864</u>	<u>\$ 210,554,208</u>
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	\$ 209,432	\$ 787,507
Due to Kaixin	1,050,000	-
Due to related parties	3,538	18,918
Due to Sponsor	2,613,629	500,000
Total current liabilities	<u>3,876,599</u>	<u>1,306,426</u>
Commitments		
Ordinary shares subject to possible redemption, 20,497,426 and 20,424,778 shares at redemption value at March 31, 2019 and December 31, 2018, respectively	204,974,260	204,247,780
Shareholders' Equity:		
Preferred shares, \$0.0001 par value; 2,000,000 shares authorized; no shares issued and outstanding		—
Ordinary shares, \$0.0001 par value; 200,000,000 shares authorized; 5,825,666 shares (excluding 20,497,426 shares subject to possible redemption) and 5,898,314 shares (excluding 20,424,778 shares subject to possible redemption) issued and outstanding at March 31, 2019 and December 31, 2018, respectively	582	590
Additional paid-in capital	1,687,900	2,414,372
Retained earnings	3,311,523	2,585,040
Total shareholders' equity	<u>5,000,005</u>	<u>5,000,002</u>
Total Liabilities and Shareholders' Equity	<u>\$ 213,850,864</u>	<u>\$ 210,554,208</u>

The accompanying notes are an integral part of these condensed financial statements.

KAIXIN AUTO HOLDINGS
(formerly CM Seven Star Acquisition Corporation)
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2019	2018
Formation and operating costs	\$ 464,129	\$ 111,785
Loss from operations	464,129	111,785
Other income		
Realized loss from sale of investment	-	(97,758)
Interest income	1,190,612	737,244
Total other income	1,190,612	639,486
Net income	\$ 726,483	\$ 527,701
Weighted average shares outstanding, basic and diluted	26,323,092	26,323,092
Basic and diluted net income per ordinary share	\$ 0.03	\$ 0.02

The accompanying notes are an integral part of these condensed financial statements.

KAIXIN AUTO HOLDINGS
(formerly CM Seven Star Acquisition Corporation)
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	<u>Ordinary Shares (1)</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Earnings</u>	<u>Total Shareholders' Equity</u>
	<u>Shares</u>	<u>Par Value</u>			
Balance as of December 31, 2018	5,898,314	\$ 590	\$ 2,414,372	\$ 2,585,040	\$ 5,000,002
Reclassification of ordinary shares subject to possible conversion	(72,648)	(8)	(726,472)	-	(726,480)
Net income	-	-	-	726,483	726,483
Balance as of March 31, 2019	<u>5,825,666</u>	<u>\$ 582</u>	<u>\$ 1,687,900</u>	<u>\$ 3,311,523</u>	<u>\$ 5,000,005</u>

(1) This number excludes 20,497,426 and 20,424,778 ordinary shares subject to possible redemption at March 31, 2019 and December 31, 2018, respectively.

The accompanying notes are an integral part of these condensed financial statements.

KAIXIN AUTO HOLDINGS
(formerly CM Seven Star Acquisition Corporation)
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2019	2018
Cash Flows from Operating Activities:		
Net income	\$ 726,483	\$ 527,701
Adjustments to reconcile net income to net cash used in operating activities:		
Realized loss from sale of investment		97,758
Interest earned on investment held in Trust Account	(1,189,600)	(737,203)
Changes in current assets and current liabilities:		
Prepaid assets	(29,082)	(23,250)
Accounts payable and accrued expense	(578,073)	49,516
Due to related parties	(15,381)	3,721
Net cash used in operating activities	(1,085,653)	(81,757)
Cash Flows from Investing Activities:		
Principal deposited in Trust Account	(2,063,639)	-
Proceeds from sales and redemptions of investment held in Trust Account	210,760,000	207,078,506
Purchase of investment held in Trust Account	(210,760,000)	(207,078,506)
Net cash used in investing activities	(2,063,639)	-
Cash Flows from Financing Activities:		
Proceeds from Kaixin	1,050,000	-
Proceeds from Sponsor loan	2,113,629	-
Net cash provided from financing activities	3,163,629	-
Net (Decrease) Increase in Cash	14,337	(81,757)
Cash - Beginning	39,643	165,405
Cash - Ending	\$ 53,980	\$ 83,648

The accompanying notes are an integral part of these condensed financial statements.

KAXIN AUTO HOLDINGS
(formerly CM Seven Star Acquisition Corporation)
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019
(Unaudited)

Note 1 — Organization and Business Operations

Organization and General

Kaixin Auto Holdings, formerly CM Seven Star Acquisition Corporation, (the “Company” or “KAH”) was incorporated as a blank check company on November 28, 2016, under the laws of the Cayman Islands for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities (a “Business Combination”). The Company’s efforts to identify a prospective target business were not limited to a particular industry or geographic location.

As of March 31, 2019, the Company had not yet commenced any operations generating revenue. The Company has selected December 31 as its fiscal year end.

On April 30, 2019, the Company consummated a Business Combination. See *Note 10 - Subsequent Events* for further discussion.

Financing

The registration statements for the Company’s initial public offering (“Initial Public Offering”) were declared effective on October 25, 2017. On October 30, 2017, the Company consummated the Initial Public Offering of 18,000,000 units (“Units” or “Public Units” and, with respect to the ordinary shares included in the Public Units being offered, the “Public Shares”), generating gross proceeds of \$180,000,000, which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 475,000 units (the “Private Units”) at a price of \$10.00 per Unit in a private placement to the Company’s sponsor (the “Sponsor” or “SVF”), generating gross proceeds of \$4,750,000, which is described in Note 4.

Contained in the underwriting agreement for the Public Offering is an overallotment option allowing the underwriters to purchase from the Company up to an additional 2,700,000 Public Units and the sale of an additional 54,000 Private Units at \$10.00 per Unit (as described in Note 3 – Initial Public Offering and Note 4 - Private Placement).

On November 3, 2017, the underwriters exercised the option in part and purchased 2,636,293 Public Units, which were sold at an offering price of \$10.00 per Unit, generating gross proceeds of \$26,362,930. Simultaneously with the sale of the over-allotment Public Units, the Company consummated the private placement of an additional 52,726 Private Units at a price of \$10.00 per Unit, generating total additional gross proceeds of \$527,260.

Trust Account

Following the closing of the Initial Public Offering on October 30, 2017, an amount of \$180,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the Public Units in the Initial Public Offering and the Private Units was placed in a trust account (“Trust Account”). Following the closing of underwriters’ exercise of over-allotment option on November 3, 2017, an additional \$26,362,930 of net proceeds (\$10.00 per Unit) was placed in the Trust Account, bringing the aggregate proceeds held in the Trust Account to \$206,362,930, as of November 3, 2017.

The funds in the Trust Account were permitted to be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account as described below, except that interest earned on the Trust Account were permitted to be released to pay the Company’s income or other tax obligations.

Initial Business Combination

The Company's management had broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the Private Units, although substantially all of the net proceeds were intended to be generally applied toward consummating a Business Combination. The Company's Business Combination was required to be with one or more target businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (as defined below) (net of taxes payable) at the time of the signing an agreement to enter into a Business Combination. However, the Company was only to complete a Business Combination if the post-Business Combination company owned or acquired 50% or more of the outstanding voting securities of the target or otherwise acquired a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act.

The ordinary shares subject to redemption will be recorded at a redemption value and classified as temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and a majority of the issued and outstanding shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to Amended and Restated Memorandum and Articles of Association, conduct the redemptions pursuant to the tender offer rules of the Securities and Exchange Commission ("SEC"), and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a shareholder approval of the transaction is required by law, or the Company decides to obtain shareholder approval for business or other legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks shareholder approval in connection with a Business Combination, the Initial Shareholders (defined in Note 5 - Related Party Transactions) have agreed to vote their initial shares and private shares, as well as any public shares acquired in or after this offering, in favor of any proposed business combination. Additionally, each public shareholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction.

The Company initially had 15 months (to January 2019) from the closing of the Initial Public Offering to consummate a Business Combination (the "Combination Period"). If the Company were unable to complete a Business Combination within the Combination Period, it would have triggered the automatic winding up, dissolution and liquidation pursuant to the terms of the Amended and Restated Memorandum and Articles of Association. However, if the Company anticipated that it may not be able to consummate a Business Combination within 15 months, the Company was permitted to, but was not obligated to, extend the period of time to consummate a Business Combination by an additional three months (for a total of up to 18 months to complete a Business Combination). Pursuant to the terms of the Amended and Restated Memorandum and Articles of Association then in effect and the trust agreement entered into between the Company and Continental Stock Transfer & Trust Company, LLC, in order to extend the time available for the Company to consummate a Business Combination, the Company's insiders or their affiliates or designees, upon five days advance notice prior to the applicable deadline, were required to deposit into the trust account \$2,063,629 (\$0.10 per share), on or prior to the date of the applicable deadline. The insiders received a non-interest bearing, unsecured promissory note equal to the amount of any such deposit that will not be repaid in the event that the Company is unable to close a Business Combination unless there are funds available outside the trust account to do so. Such notes were to either be paid upon consummation of the initial Business Combination, or, at the lender's discretion, converted upon consummation of the Business Combination into additional private units at a price of \$10.00 per unit. The Company's shareholders have approved the issuance of the private units upon conversion of such notes, to the extent the holder wishes to so convert such notes at the time of the consummation of a Business Combination. The Company issued a press release announcing such intention on January 25, 2019. In addition, the Company issued a press release the day after the applicable deadline announcing whether or not the funds had been timely deposited. On January 25, 2019, the Company extended the time required for the Company to complete its proposed Business Combination with Kaixin, for an additional three-months, ending April 30, 2019. The Sponsor or its designees and Kaixin deposited an aggregate amount of \$2,063,629, of which Kaixin funded \$1,050,000 and the Sponsor funded \$1,013,629, representing \$0.10 per public share, into the Company's Trust account on January 25, 2019 pursuant to the terms of the investment management trust agreement entered into by the Company at the time of the Company's initial public offering and pursuant to the terms of the definitive share exchange agreement previously entered into by the Company and Kaixin.

The amount in the Trust Account (less the aggregate nominal par value of the shares of the Company's public shareholders) under the Companies Law was treated as share premium which is distributable under the Companies Law. If the Company were forced to liquidate the Trust Account, the public shareholders would have been distributed the amount in the Trust Account calculated as of the date that is two days prior to the distribution date (including any accrued interest). On April 30, 2019, 20,403,667 shares of KAH ordinary shares were redeemed upon consummation of the Business Combination. See *Note 10 - Subsequent Events* for further discussion.

The Initial Shareholders have agreed to (i) vote their insider shares (as well as any Public Shares acquired in or after this offering) in favor of any proposed Business Combination (ii) waive their conversion rights with respect to their initial share (as well as any other shares acquired in or after this offering) in connection with the consummation of a Business Combination, (iii) to waive their rights to liquidating distributions from the Trust Account with respect to their initial shares if the Company fails to consummate a Business Combination within the Combination Period and (iv) not to propose an amendment to the Company's Amended and Restated Memorandum and Articles of Association that would affect the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a Business Combination, unless the Company provides the public shareholders with the opportunity to redeem their shares in conjunction with any such amendment.

Share Exchange Agreement

On November 2, 2018, the Company entered into a share exchange agreement with Renren Inc. ("Renren" or the "Seller") and Kaixin Auto Group ("Kaixin") pursuant to which the Company would acquire all of the outstanding equity interests of Kaixin (the "Share Exchange Agreement," and the transactions contemplated thereby, the "Business Combination"). Kaixin was founded in 2015 by its corporate parent, Renren, to capitalize on growth in China's used car financing industry. Kaixin operates a unique business model that includes on-line and brick-and-mortar dealerships as well as a network of parties that provide a range of value-added and after-sale services.

100% of the acquisition consideration is newly issued ordinary shares of the Company and amounts remaining in the Company's trust account at the closing of the business combination are expected to be used for Kaixin's capital growth. Upon closing of the acquisition, Kaixin shareholders received approximately 28.3 million in ordinary shares as consideration and up to approximately 19.5 million additional ordinary shares based on incentive earnouts (as described in more detail below), issuable in the future upon achievement of certain financial results and/or share prices, and subject to certain indemnification arrangements. In addition, 4.7 million ordinary shares were reserved for issuance under an equity incentive plan in exchange for outstanding options in Kaixin.

If Kaixin's revenue equals or exceeds RMB5.0 billion in 2019 (USD 725.7 million), Renren will receive 1.95 million ordinary shares. If Kaixin's 2019 Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") equals RMB150 million (USD 21.8 million), Renren will receive 3.9 million ordinary shares, increasing proportionally to 7.8 million shares if 2019 Adjusted EBITDA equals or exceeds RMB200 million (USD 29.0 million). If Kaixin's 2020 Adjusted EBITDA equals RMB340 million (USD 49.3 million), Renren will receive 4.875 million ordinary shares, increasing proportionally to 9.75 million ordinary shares if 2020 Adjusted EBITDA equals or exceeds RMB480 million (USD 69.7 million). Notwithstanding the Revenue and Adjusted EBITDA achieved by the post-transaction company for any period, Kaixin shareholders will receive the 2019 earnout shares if the Company's share price is higher than \$13.00 for any sixty days in any period of ninety consecutive trading days during a fifteen month period following the closing, and will receive the 2019 earnout shares and the 2020 earnout shares if the Company's share price is higher than \$13.50 for any sixty days in any period of ninety consecutive trading days during a thirty month period following the closing.

Convertible Loan Agreement

On January 28, 2019, the Company entered into a convertible loan agreement with Kaixin and Kunlun Tech Limited (“Kunlun”), pursuant to which Kunlun agreed to fund, subject to customary closing conditions, a \$23 million convertible loan to Kaixin (the “Kunlun Loan”), with interest payable at the rate stipulated by the People’s Bank of China. The first tranche of the Loan, in the amount of \$20 million, was funded to Kaixin on January 28, 2019, and the remaining \$3 million is to be funded on or before January 31, 2020.

Upon completion of the Business Combination with Kaixin, all amounts outstanding under the Kunlun Loan were automatically converted into Company units (each unit having the same underlying securities as were issued in Initial Public Offering) at a conversion price of \$10.00 per unit.

Accounting for the Acquisition

The Business Combination is accounted for as a “reverse merger” in accordance with U.S. GAAP. Under this method of accounting, the Company will be treated as the “acquired” company for financial reporting purposes. This determination is primarily based on the fact that subsequent to the Business Combination, Kaixin securityholders have a majority of the voting power of the combined company, Kaixin comprising all of the ongoing operations of the combined entity, Kaixin comprising a majority of the governing body of the combined company, and Kaixin’s senior management comprising all of the senior management of the combined company. Accordingly, for accounting purposes, the Business Combination is treated as the equivalent of Kaixin issuing shares for the net assets of the Company, accompanied by a recapitalization. The net assets of the Company for subsequent periods will be stated at fair value which approximates historical costs as the Company has only cash and short-term liabilities. No goodwill or other intangible assets are recorded. Operations prior to the Business Combination will be those of Kaixin.

Liquidation

However, the holders of the initial shares will not participate in any liquidation distribution with respect to such securities. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the \$10.00 per Unit in the Initial Public Offering. In order to protect the amounts held in the Trust Account, an affiliate of the Sponsor will contractually agree, pursuant to a written agreement to the Company, that if the Company liquidates the Trust Account prior to the consummation of a business combination, it will be liable to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account. Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the affiliate of the Sponsor will not be responsible to the extent of any liability for such third party claims. The Company will seek to reduce the possibility that the affiliate of the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company’s independent auditors), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

The Company paid the costs of liquidating the Trust Account from the remaining assets outside of the trust account.

Liquidity

As of March 31, 2019, the Company had cash outside the Trust Account of \$53,980 available for working capital needs. All remaining cash was held in the Trust Account and was generally unavailable for use, prior to an initial Business Combination, and is restricted for use either in a Business Combination or to redeem ordinary shares. As of March 31, 2019, none of the amount on deposit in the Trust Account was available to be withdrawn as described above.

Through the March 31, 2019, the Company's liquidity needs were satisfied through receipt of \$31,038 from the sale of the insider shares, advances from the Company's Sponsor and an affiliate of the Sponsor in an aggregate amount of \$663,009 which were repaid upon the IPO, and the remaining net proceeds from the IPO and Private Placement (as described in Note 3 and Note 4). On May 23, 2018 and January 24, 2019, the Sponsor loaned to the Company an additional \$500,000 (see Note 5) and \$1,100,000 (see Note 5), respectively, pursuant to the non-convertible non-interest-bearing promissory notes, which will be repaid promptly after the date on which the Company consummates a Business Combination. On January 25, 2019, the Company issued two promissory notes in the aggregate of \$2,063,629 to its Sponsor and Kaixin. The promissory note issued to the Sponsor was \$1,013,629 and the promissory note issued to Kaixin was \$1,050,000. The \$2,063,629 received by the Company upon issuance of the notes was deposited into the Company's Trust Account for the benefit of its public shareholders in order to extend the period of time the Company had to complete a business combination for an additional three months, from January 30, 2019 to April 30, 2019 (see Notes 5 and 7).. The note does not bear interest and is payable promptly after the date the Company completes a Business Combination.

Until consummation of its Business Combination, the Company used the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the Business Combination.

On November 2, 2018, the Company entered into a Share Exchange Agreement with Kaixin Auto Group. The Business Combination closed on April 30, 2019. The Company has engaged several professional firms for services regarding the transaction, resulting in a significant increase in the Company's expenditures for merger and acquisition related activities. On April 30, 2019, the Company consummated the transactions contemplated by the Share Exchange Agreement. Please see *Note 10 – Subsequent Events* for further discussion.

Note 2 — Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements of the Company are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). In the opinion of management, all adjustments (consisting of normal recurring adjustments) have been made that are necessary to present fairly the financial position, and the results of its operations and its cash flows. Operating results as presented are not necessarily indicative of the results to be expected for a full year.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Offering Costs

The Company complies with the requirements of the ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (“SAB”) Topic 5A – “Expenses of Offering”. Offering costs consist principally of professional and registration fees incurred through the balance sheet date that are related to the Public Offering and that were charged to shareholders’ equity upon the completion of the Initial Public Offering. Accordingly, offering costs totaling approximately \$8,280,000 have been charged to shareholders’ equity (consisting of \$4,127,260 in underwriters’ fees, plus \$881,326 of other cash expenses, and a non-cash charge of \$3,271,400 to record the fair value of the UPO (as described in Note 8 Commitments & Contingencies)).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2019 and December 31, 2018.

Investment Held in Trust Account

Investment consists of cash in United States Money Market and United States Treasury securities. The Company classifies its United States Treasury securities as held-to-maturity in accordance with FASB ASC Topic 320 “Investments - Debt and Equity Securities.” Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts.

A decline in the market value of held-to-maturity securities below cost that is deemed to be other than temporary, results in an impairment that reduces the carrying costs to such securities’ fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and the duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in the “interest income” line item in the statements of operations. Interest income is recognized when earned.

Fair Value Measurements

FASB ASC Topic 820 “Fair Value Measurements and Disclosures” defines fair value, the methods used to measure fair value and the expanded disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the buyer and the seller at the measurement date. In determining fair value, the valuation techniques consistent with the market approach, income approach and cost approach shall be used to measure fair value. FASB ASC Topic 820 establishes a fair value hierarchy for inputs, which represent the assumptions used by the buyer and seller in pricing the asset or liability. These inputs are further defined as observable and unobservable inputs. Observable inputs are those that buyer and seller would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s assumptions about the inputs that the buyer and seller would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not being applied. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 — Valuations based on (i) quoted prices in active markets for similar assets and liabilities, (ii) quoted prices in markets that are not active for identical or similar assets, (iii) inputs other than quoted prices for the assets or liabilities, or (iv) inputs that are derived principally from or corroborated by market through correlation or other means.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of the Company's certain assets and liabilities, which qualify as financial instruments under ASC 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the condensed balance sheet. The fair values of cash, prepaid assets, accounts payable and accrued expenses, due to Kaixin, due to related parties and due to Sponsor are estimated to approximate the carrying values as of March 31, 2019 due to the short maturities of such instruments.

The following table presents information about the Company's assets and liabilities that were measured at fair value on a recurring basis as of March 31, 2019 and December 31, 2018 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value.

Description	March 31, 2019	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
U.S. Money Market held in Trust Account	\$ 177	\$ 177	\$ —	\$ —
U.S. Treasury Securities held in Trust Account	213,708,529	—	210,708,529	—
	\$ 213,708,706	\$ 177	\$ 210,708,529	\$ —
Description	December 31, 2018	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
U.S. Money Market held in Trust Account	\$ 3,600	\$ 3,600	\$ —	\$ —
U.S. Treasury Securities held in Trust Account	210,451,869	—	210,451,869	—
	\$ 210,455,469	\$ 3,600	\$ 210,451,869	\$ —

Ordinary Shares Subject to Possible Redemption

The Company accounts for its ordinary shares subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Ordinary shares subject to mandatory redemption (if any) are classified as a liability instrument and are measured at fair value. Conditionally redeemable ordinary shares (including ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders’ equity. The Company’s ordinary shares feature certain redemption rights that are considered to be outside of the Company’s control and subject to occurrence of uncertain future events. Accordingly, at March 31, 2019 and December 31, 2018, ordinary shares subject to possible redemption are presented as temporary equity, outside of the shareholders’ equity section of the Company’s balance sheets.

Warrants and Rights

Since the Company is not required to net cash settle the Warrants and Rights and the Warrants and Rights are exercisable upon the consummation of an initial Business Combination, the management determined that the Warrants and Rights will be classified within shareholders’ equity as “Additional paid-in capital” upon their issuance in accordance with ASC 815-40. The proceeds from the sale will be allocated to Public Shares, Warrants, and Rights based on the relative fair value of the securities in accordance with 470-20-30. The value of the Public Shares, Warrants, and Rights will be based on the closing price paid by investors.

Net Income per Ordinary Share

The Company complies with accounting and disclosure requirements ASC Topic 260, “Earnings Per Share.” Net income per ordinary share is computed by dividing net income by the weighted average number of ordinary shares issued and outstanding for the period. At March 31, 2019 and December 31, 2018, the Company did not have any dilutive securities and other contracts that could, potentially, be exercised or converted into ordinary shares and then share in the income of the Company. As a result, diluted income per ordinary share is the same as basic income per ordinary share for the periods presented.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which at times, may exceed the Federal depository insurance coverage of \$250,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Income Taxes

The Company accounts for income taxes under ASC 740 Income Taxes (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. The Company has identified the Cayman Islands as its only “major” tax jurisdiction, as defined. Based on the Company’s evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company’s financial statements. Since the Company was incorporated on November 28, 2016, the evaluation was performed through the 2018 tax year. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position. The Company’s policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

Note 3 — Initial Public Offering

Pursuant to the Initial Public Offering on October 30, 2017, the Company sold 18,000,000 Units at a purchase price of \$10.00 per Unit. On November 3, 2017, in connection with the underwriters' exercise of their over-allotment option, the Company consummated the sale of an additional 2,636,293 Public Units at \$10.00 per Unit. Each Unit consists of one ordinary share, one-half of one redeemable warrant ("Public Warrant"), and one right ("Public Right"). Each whole redeemable warrant entitles the holder to purchase one ordinary share at an exercise price of \$11.50 (see Note 9). No fractional Public Warrants will be issued upon separation of the Units and only whole Public Warrants will trade. Every 10 Public Rights will convert automatically into one share of ordinary shares upon consummation of a Business Combination (see Note 9). On November 3, 2017, the underwriters canceled the remainder of the over-allotment option.

Note 4 - Private Placements

Simultaneously with the Initial Public Offering, the Company's Sponsor purchased an aggregate of 475,000 Private Units at \$10.00 per Unit (for a total purchase price of \$4,750,000). On November 3, 2017, in connection with the underwriters' partial exercise of their over-allotment option, the Company consummated the sale of an additional 52,726 Private Units at \$10.00 per Unit (for a total purchase price of \$527,260). The proceeds from the Private Units were added to the proceeds from the Initial Public Offering held in the Trust Account.

The Private Units were identical to the units sold in the Initial Public Offering except the Private Units were non-redeemable. The purchasers of the Private Units agreed not to transfer, assign or sell any of the Private Units or underlying securities (except to the same permitted transferees as the insider shares) until the completion of the Business Combination.

Note 5 – Related Party Transactions

Insider Shares

On July 11, 2017, the Company issued 4,312,500 shares ("Insider Shares") of ordinary shares to the shareholders ("Initial Shareholders") for an aggregate amount of \$25,000. On October 25, 2017, an additional 862,500 shares of the Company were issued to the Initial Shareholders for an aggregate amount of \$6,038. The 5,175,000 Insider Shares include an aggregate of up to 675,000 shares subject to forfeiture to the extent that the underwriters' over-allotment is not exercised in full or in part, so that the Initial Shareholders owned 20% of the Company's issued and outstanding shares after the Initial Public Offering. On November 3, 2017, 15,927 Insider Shares were forfeited to the extent that the underwriters' over-allotment is exercised in part. The Initial Shareholders maintained 20% of the Company's issued and outstanding shares after the Initial Public Offering and the exercise of the over-allotment.

The Initial Shareholders agreed not to transfer, assign or sell any of the Insider Shares (except to certain permitted transferees) until (1) with respect to 50% of the Insider Shares, the earlier of one year after the date of the consummation of the Business Combination and the date on which the closing price of the common shares equals or exceeds \$12.50 per share (as adjusted for share splits, share capitalizations, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing after the Business Combination and (2) with respect to the remaining 50% of the Insider Shares, one year after the date of the consummation of the Business Combination, or earlier, in either case, if, subsequent to the Business Combination, the Company consummates a liquidation, merger, stock exchange or other similar transaction which results in all of the shareholders having the right to exchange their common shares for cash, securities or other property.

Related Party Advances

On July 4, 2017, the Sponsor loaned the Company \$300,000 for costs associated with the Initial Public Offering. On September 1, 2017, the Sponsor loaned the Company another \$200,000. On October 24, 2017 and October 26, 2017, the Sponsor advanced the Company an additional \$71,000 and \$7,507, respectively, for costs associated with the Initial Public Offering. The loans are non-interest bearing, unsecured and due on demand. The Company repaid the Sponsor \$500,000 and \$78,507 from the proceeds of the Initial Public Offering not being placed in the Trust Account on October 31, 2017 and November 8, 2017, respectively.

On May 23, 2018, the Sponsor loaned to the Company an additional \$500,000 pursuant to a non-convertible non-interest-bearing promissory note, which will be repaid promptly after the date on which the Company consummates a Business Combination.

On January 24, 2019, the Sponsor loaned to the Company an additional \$1,100,000 pursuant to a non-convertible non-interest-bearing promissory note, which will be repaid promptly after the date on which the Company consummates a Business Combination.

On January 25, 2019, the Company issued a convertible promissory note to the Sponsor amounting to \$1,013,629, and such amount received by the Company upon issuance of the note was deposited into the Company's Trust Account for the benefit of its public shareholders in order to extend the period of time the Company has to complete a business combination for an additional three months, from January 30, 2019 to April 30, 2019.

As of March 31, 2019 and December 31, 2018, the total of all Sponsor loans to the Company was \$2,613,629 and \$500,000, respectively.

As of March 31, 2019 and December 31, 2018, amount due to related parties were \$3,538 and \$18,919, respectively. The amounts were unpaid reimbursements for the operating expenses paid by the officers on behalf of the Company.

Related Party Loans

In order to meet the working capital needs following the IPO, the initial shareholders, officers and directors or their affiliates may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion ("Working Capital Loans"). Each loan would be evidenced by a promissory note. The notes could either be paid upon consummation of the initial Business Combination, without interest, or, at the lender's discretion, up to \$500,000 of the notes may be converted upon consummation of the Business Combination into private units at a price of \$10.00 per unit (which, for example, would result in the holders being issued units to acquire 55,000 ordinary shares (which includes 5,000 shares issuable upon conversion of rights) and warrants to purchase 25,000 ordinary shares if \$500,000 of notes were so converted). The Company's shareholders have approved any issuance of the units and underlying securities upon conversion of such notes, to the extent an optional conversion is included and the holder wishes to so convert them at the time of the consummation of the initial Business Combination. There was no outstanding balance under Working Capital Loans from related party as of March 31, 2019 and December 31, 2018.

Note 6 — Investment Held in Trust Account

As of March 31, 2019, the investment in the Company’s Trust Account consisted of \$177 in cash and \$213,708,529 in U.S. Treasury Securities. As of December 31, 2018, the investment in the Company’s Trust Account consisted of \$3,600 in cash and \$210,451,869 in U.S. Treasury Securities. The Company classifies its United States Treasury Bills and equivalent securities as held-to-maturity in accordance with FASB ASC 320 “Investments — Debt and Equity Securities”. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts. The Company considers all investments with original maturities of more than three months but less than one year to be short-term investments. The carrying value approximates the fair value due to its short-term maturity. As of March 31, 2019 and December 31, 2018, cash and investments held in trust account are \$213,708,706 and \$210,455,469, respectively. The carrying value, excluding gross unrealized holding gain (loss) and fair value of held to maturity securities on March 31, 2019 and December 31, 2018 are as follows:

	Carrying Value as of March 31, 2019	Gross Unrealized Holding Gain	Fair Value as of March 31, 2019
Cash	\$ 177	\$ —	\$ 177
U.S. Treasury Securities	213,708,529	848	213,709,377
	<u>\$ 213,708,706</u>	<u>\$ 848</u>	<u>\$ 213,709,554</u>

	Carrying Value as of December 31, 2018	Gross Unrealized Holding Gain	Fair Value as of December 31, 2018
Cash	\$ 3,600	\$ —	\$ 3,600
U.S. Treasury Securities	210,451,869	15,175	210,467,044
	<u>\$ 210,455,469</u>	<u>\$ 15,175</u>	<u>\$ 210,470,644</u>

In January 2019, the Company redeemed the expired treasury bills for total cash proceeds of \$210,760,000 and re-invested in U.S. Treasury Bills.

Note 7 – Due to Kaixin

On January 25, 2019, the Company issued a convertible promissory note to Kaixin amounting to \$1,050,000, and such amount received by the Company upon issuance of the note was deposited into the Company’s Trust Account for the benefit of its public shareholders in order to extend the period of time the Company has to complete a business combination for an additional three months, from January 30, 2019 to April 30, 2019. Kaixin has the right to convert the note in whole into Private Units of the Company at a price of \$10 per unit upon the closing of a Business Combination.

Note 8 – Commitments & Contingencies

Registration Rights

Pursuant to a registration rights agreement entered into on October 25, 2017, the holders of the Insider Shares, Private Units (and their underlying securities), and any Units that may be issued upon conversion of the Working Capital Loans (and their underlying securities) are entitled to registration rights. The holders of a majority of these securities are entitled to make up to two demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lock-up period. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriters Agreement

The Company granted the underwriters a 45-day option to purchase up to 2,700,000 additional Units to cover over-allotments at the Initial Public Offering price, less the underwriting discounts and commissions.

On October 25, 2017, the underwriters were paid a cash underwriting discount of two percent (2.0%) of the gross proceeds of the Initial Public Offering, or \$3,600,000. On November 3, 2017, the underwriters exercised its over-allotment option to the extent of additional 2,636,293 Public Units of the Company. Therefore, an additional underwriting discount of \$527,260 was paid to the underwriters accordingly.

Business Combination Marketing Agreement

The Company has engaged EarlyBirdCapital, Inc. (“EBC”) as an advisor in connection with a Business Combination to assist the Company in holding meetings with its shareholders to discuss a potential Business Combination and the target business’ attributes, introduce the Company to potential investors that are interested in purchasing securities, assist the Company in obtaining shareholder approval for the Business Combination and assist the Company with its press releases and public filings in connection with an Business Combination. The Company will pay EBC a cash fee equal to 3.5% of the gross proceeds raised in the offering for such services upon the consummation of the Business Combination (exclusive of any applicable finders’ fees which might become payable), provided that up to 1.0% of the gross proceeds raised in the offering payable to EBC may be allocated at the Company’s sole discretion to one or more advisors that assist in identifying and consummating a Business Combination. The Company will also reimburse EBC for up to \$20,000 of its reasonable costs and expenses incurred by it (including reasonable fees and disbursements of counsel) in connection with the performance of its services.

Unit Purchase Option

On October 30, 2017, the Company sold the underwriter (and/or its designees), for \$100, an option to purchase up to 900,000 Units exercisable at \$10.00 per Unit (or an aggregate exercise price of \$9,000,000) commencing on the later of the first anniversary of the effective date of the registration statement related to the Initial Public Offering and the consummation of a Business Combination. The unit purchase option may be exercised for cash or on a cashless basis, at the holder’s option, and expires five years from the effective date of the registration statement related to the Initial Public Offering. The Units issuable upon exercise of this option are identical to those offered in the Initial Public Offering.

The Company accounted for the unit purchase option, inclusive of the receipt of \$100 cash payment, as an expense of the Initial Public Offering resulting in a charge directly to shareholders’ equity. The Company estimated the fair value of this unit purchase option to be approximately \$3,271,400 (or \$3.64 per Unit) using the Black-Scholes option-pricing model. The fair value of the unit purchase option granted to the underwriters was estimated as of the date of grant using the following assumptions: (1) expected volatility of 38%, (2) risk-free interest rate of 2.03% and (3) expected life of five years. The option and such units purchased pursuant to the option, as well as the ordinary shares underlying such units, the rights included in such units, the ordinary shares that are issuable for the rights included in such units, the warrants included in such units, and the shares underlying such warrants, have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA’s NASDAQ Conduct Rules. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period (including the foregoing 180-day period) following the date of Initial Public Offering except to any underwriter and selected dealer participating in the Initial Public Offering and their bona fide officers or partners. The option grants to holders demand and “piggy back” rights for periods of five and seven years, respectively, from the effective date of the registration statement with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. The Company will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or the Company’s recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of ordinary shares at a price below its exercise price.

Subscription Agreement

On January 29, 2019, the Company entered into a subscription agreement (the “Subscription Agreement”) with one accredited investor to sell 750,000 of its units (each unit having the same underlying securities as were issued in the Initial Public Offering) at a price of \$10.00 per unit. The closing took place on the closing date of the Business Combination. The investor received certain demand and piggyback registration rights pursuant to the terms of the Subscription Agreement.

Note 9 — Shareholders' Equity

Preferred Shares - The Company is authorized to issue a total of 2,000,000 preferred shares of a par value of \$0.0001 each. At March 31, 2019 and December 31, 2018, there were no shares of preferred shares issued or outstanding.

Ordinary Shares - The Company is authorized to issue a total of 200,000,000 ordinary shares of a par value of \$0.0001 each. As of March 31, 2019, the Company has issued an aggregate of 5,825,666 ordinary shares, excluding 20,497,426 shares of ordinary shares subject to possible redemption. As of December 31, 2018, the Company has issued an aggregate of 5,898,314 ordinary shares, excluding 20,424,778 shares of ordinary shares subject to possible redemption.

Warrants - Each whole Public Warrant is exercisable for one Ordinary Share at a price of \$11.50 per full share. Because the warrants may only be exercised for whole numbers of shares, only a whole number of warrants may be exercised at any given time. The warrants become exercisable on the later of the completion of the Business Combination. If a registration statement covering the ordinary shares issuable upon exercise of the public warrants is not effective within 90 days following the consummation of the Business Combination, public warrant holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. In such event, each holder would pay the exercise price by surrendering the warrants for that number of ordinary shares equal to the quotient obtained by dividing (x) the product of the number of ordinary shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the ordinary shares for the 10 trading days ending on the day prior to the date of exercise.

The warrants issued in the Private Units ("Private Warrants") are identical to the Public Warrants sold in this offering except the Private Warrants will be non-redeemable and may be exercised on a cashless basis, in each case so long as they continue to be held by the initial purchasers or their permitted transferees.

The Company may redeem the outstanding warrants (excluding the Private Warrants), in whole and not in part, at a price of \$0.01 per warrant:

- at any time while the warrants are exercisable,
- upon a minimum of 30 days' prior written notice of redemption,
- if, and only if, the last sales price of the ordinary shares equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption, and
- if, and only if, there is a current registration statement in effect with respect to the ordinary shares underlying such warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption.

If the Company calls the warrants for redemption as described above, the management will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis."

Rights - Each holder of a right automatically received one-tenth (1/10) of an ordinary share upon consummation of the initial Business Combination, even if the holder of a Public Right converted all ordinary shares held by him, her or it in connection with the initial Business Combination or an amendment to the Company's certificate of incorporation with respect to its pre-business combination activities. The shares issuable upon exchange of the rights are freely tradable (except to the extent held by affiliates of the Company).

The Company did not issue fractional shares in connection with an exchange of rights. Fractional shares were either be rounded down to the nearest whole share or otherwise addressed in accordance with the applicable provisions of the Cayman Islands law.

Note 10 – Subsequent Events

On April 25, 2019, the Company entered into a convertible loan agreement with Kaixin and 58.com Holdings Inc. (“58.com Holdings”), pursuant to which 58.com Holdings agreed to fund, subject to customary closing conditions, a \$1 million convertible loan to Kaixin (the “58.com Holdings Loan”), with interest payable at the rate stipulated by the People’s Bank of China. The 58.com Holdings Loan was funded to Kaixin on April 30, 2019. Upon completion of the Business Combination discussed below, all amounts outstanding under the 58.com Holdings Loan were automatically converted into the Company’s ordinary shares at a conversion price of \$10.00 per ordinary share.

On April 30, 2019 (the “transaction closing date”), pursuant to the Exchange Agreement, the Company acquired 100% of the issued and outstanding securities of Kaixin, in exchange for approximately 28.3 million ordinary shares of KAH, or one KAH share for approximately 4.85 outstanding shares of Kaixin. An additional 4.7 million shares of KAH is reserved for issuance under an equity incentive plan in exchange for outstanding options in Kaixin. Additionally, 19.5 million earnout shares are to be issued and held in escrow. The Seller may be entitled to receive earnout shares as follows: (1) if the Company’s gross revenue for the year ended December 31, 2019 is greater than or equal to RMB 5,000,000,000, the Seller is entitled to receive 1,950,000 ordinary shares of KAH; (2) if the Company’s adjusted EBITDA for the year ended December 31, 2019 is greater than or equal to RMB 150,000,000, the Seller is entitled to receive 3,900,000 ordinary shares of KAH, increasing proportionally to 7,800,000 ordinary shares if Company’s adjusted EBITDA is greater than or equal to RMB 200,000,000; and (3) if the Company’s adjusted EBITDA for the year ended December 31, 2020 is greater than or equal to RMB 340,000,000, the Seller is entitled to receive 4,875,000 ordinary shares of KAH, increasing proportionally to 9,750,000 ordinary shares if the Company’s adjusted EBITDA is greater than or equal to RMB 480,000,000.

A total of 20,403,667 shares of KAH ordinary shares were redeemed upon consummation of the Business Combination at a redemption price of approximately \$10.37 per share into cash of KAH’s ordinary shares.

On the transaction closing date, KAH, Kaixin, Renren and SVF executed an agreement (the “Waiver Agreement”) pursuant to which Kaixin and Renren waived certain rights under the Share Exchange Agreement in exchange for SVF’s commitment (i) to contribute \$1.6 million to KAH within two weeks after the closing of the Merger, (ii) to set a limit on the liabilities to be paid by cash (up to US\$4.0 million) and noncash (up to US\$2.6 million) consideration by KAH and (iii) to within one month use its best efforts to restructure the loans it has extended to KAH.

Also, on the transaction closing date, KAH paid \$2 million in cash and issued a \$1.5 million note payable to Early Bird Capital (“EBC”) in fees related to the Acquisition.

In May 2019, KAH granted options with respect to 2,206,888 ordinary shares and 2,407,733 restricted shares to its employees, directors and officers, and advisors, under its 2019 Equity Incentive Plan.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission ("SEC") filings. References to "we," "us," "our" or the "Company" are to Kaixin Auto Holdings, except where the context requires otherwise. The following discussion should be read in conjunction with our condensed financial statements and related notes thereto included elsewhere in this report.

Overview

As of March 31, 2019, we were a blank check company formed on November 28, 2016 for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination, with one or more target businesses. Our efforts to identify a prospective target business will not be limited to any particular industry or geographic location.

Results of Operations

Through March 31, 2019, we had no revenue, had had losses since inception from incurring formation costs and have had no operations other than the active solicitation of a target business with which to complete a business combination. Through March 31, 2019 we relied upon the sale of our securities and loans from the Sponsor, our officers and directors to fund our operations.

On October 30, 2017, we consummated our IPO of 18,000,000 Units. Each Unit consists of one Ordinary Share, one-half of a redeemable Public Warrant and one Right to receive 1/10 of an Ordinary Share upon the consummation of our initial business combination. The Units were sold at an offering price of \$10.00 per Unit, generating gross proceeds of \$180,000,000. The Company granted the underwriters a 45-day option to purchase up to 2,700,000 additional Units to cover over-allotments, if any. On October 30, 2017, simultaneously with the consummation of the IPO, we consummated a private placement with our Sponsor of 475,000 Private Units at a price of \$10.00 per Private Unit, generating total proceeds of \$4,750,000. The underwriters exercised the over-allotment option in part and, on November 3, 2017, the underwriters purchased 2,636,293 over-allotment option Units, which were sold at an offering price of \$10.00 per Unit, generating gross proceeds of \$26,362,930. On November 3, 2017, simultaneously with the sale of the over-allotment Units, the Company consummated the private sale of an additional 52,726 Private Units to our Sponsor, generating gross proceeds of \$527,260. On November 3, 2017, the underwriters canceled the remainder of the over-allotment option. In connection with the cancellation of the remainder of the over-allotment option, the Company canceled an aggregate of 15,927 Ordinary Shares issued to our Sponsor prior to the IPO and Private Placement.

As of March 31, 2019, a total of \$213,708,706 was held in a trust account established for the benefit of the Company's public shareholders, which included \$206,362,930 of the net proceeds from the IPO (including the partial exercise of the over-allotment option) and the Private Placements and subsequent interest income.

Our management had broad discretion with respect to the specific application of the net proceeds of IPO and the Private Placements, although substantially all of the net proceeds were intended to be applied generally towards consummating a business combination.

Business Combination Agreement

On November 2, 2018, we entered into a share exchange agreement (the "Share Exchange Agreement" or the "Agreement") with Renren Inc. ("Renren" or the "Seller") and Kaixin Auto Group ("Kaixin") pursuant to which we would acquire all of the outstanding equity interests of Kaixin (the "Acquisition"). Kaixin was founded in 2015 by its corporate parent, Renren, to capitalize on growth in China's used car financing industry. Kaixin operates a unique business model that includes on-line and brick-and-mortar dealerships as well as a network of parties that provide a range of value-added and after-sale services.

100% of the acquisition consideration will be newly issued ordinary shares of the Company and amounts remaining in the Company's trust account at the closing of the business combination are expected to be used for Kaixin's capital growth. Upon closing of the Acquisition, Kaixin shareholders will receive approximately 28.3 million in shares as consideration and up to approximately 19.5 million additional shares based on incentive earnouts (as described in more detail below), issuable in the future upon achievement of certain financial results and/or share prices, and subject to certain indemnification arrangements. In addition, approximately 4.7 million shares will be reserved for issuance under an equity incentive plan in exchange for outstanding options in Kaixin.

If Kaixin's revenue equals or exceeds RMB5.0 billion in 2019 (USD 725.7 million), Renren will receive 1.95 million shares. If Kaixin's 2019 Adjusted EBITDA equals RMB150 million (USD 21.8 million), Renren will receive 3.9 million shares, increasing proportionally to 7.8 million shares if 2019 Adjusted EBITDA equals or exceeds RMB200 million (USD 29.0 million). If Kaixin's 2020 Adjusted EBITDA equals RMB340 million (USD 49.3 million), Renren will receive 4.875 million shares, increasing proportionally to 9.75 million shares if 2020 Adjusted EBITDA equals or exceeds RMB480 million (USD 69.7 million). Notwithstanding the Revenue and Adjusted EBITDA achieved by the post-transaction company for any period, Kaixin shareholders will receive the 2019 earnout shares if the Company's share price is higher than \$13.00 for any sixty days in any period of ninety consecutive trading days during a fifteen month period following the closing, and will receive the 2019 earnout shares and the 2020 earnout shares if the Company's share price is higher than \$13.50 for any sixty days in any period of ninety consecutive trading days during a thirty month period following the closing.

On January 25, 2019, the Company extended the time required for the Company to complete its proposed Business Combination with Kaixin, for an additional three-months, ending April 30, 2019. The Sponsor or its designees and Kaixin deposited an aggregate amount of \$2,063,629, of which Kaixin funded \$1,050,000 and the Sponsor funded \$1,013,629, representing \$0.10 per public share, into the Company's Trust account on January 25, 2019 pursuant to the terms of the investment management trust agreement entered into by the Company at the time of the Company's initial public offering and pursuant to the terms of the definitive share exchange agreement previously entered into by the Company and Kaixin.

On April 30, 2019, we consummated the transactions contemplated by the Share Exchange Agreement dated as of November 2, 2018, by and among us, Kaixin and Renren. Upon the closing of the Acquisition, Kaixin Auto Holdings ("KAH") acquired 100% of the issued and outstanding securities of Kaixin in exchange for approximately 28.3 million ordinary shares of KAH. An additional 4.7 million shares of KAH is reserved for issuance under an equity incentive plan in exchange for outstanding options in Kaixin.

A total of 20,403,667 shares of KAH ordinary shares were redeemed upon consummation of the Acquisition at a redemption price of approximately \$10.37 per share into cash of KAH's ordinary shares.

On the transaction closing date, KAH, Kaixin, Renren and SVF executed an agreement (the "Waiver Agreement") pursuant to which Kaixin and Renren waived certain rights under the Share Exchange Agreement in exchange for SVF's commitment (i) to contribute \$1.6 million to KAH within two weeks after the closing of the Merger, (ii) to set a limit on the liabilities to be paid by cash (up to US\$4.0 million) and noncash (up to US\$2.6 million) consideration by KAH and (iii) to within one month use its best efforts to restructure the loans it has extended to KAH.

Also, on the transaction closing date, KAH paid \$2 million in cash and issued a \$1.5 million note payable to Early Bird Capital ("EBC") in fees related to the Acquisition.

Accounting for the Acquisition

The Business Combination is accounted for as a “reverse merger” in accordance with U.S. GAAP. Under this method of accounting the Company will be treated as the “acquired” company for financial reporting purposes. This determination is primarily based on the fact that subsequent to the Business Combination, Kaixin securityholders obtained a majority of the voting power of the combined company, Kaixin comprising all of the ongoing operations of the combined entity, Kaixin comprising a majority of the governing body of the combined company, and Kaixin’s senior management comprising all of the senior management of the combined company. Accordingly, for accounting purposes, the Business Combination is treated as the equivalent of Kaixin issuing shares for the net assets of the Company, accompanied by a recapitalization. The net assets of the Company will be stated at fair value which approximates historical costs as the Company has only cash and short-term liabilities. No goodwill or other intangible assets were recorded. Operations prior to the Business Combination will be those of Kaixin

Results of Operations

Our entire activity from inception through March 31, 2019 was related to the Company’s formation, the IPO and general and administrative activities. From the IPO through March 31, 2019, our activity was limited to the evaluation of business combination candidates and preparation for our business combination, and we did not generate any operating revenues until the closing and completion of our initial business combination on April 30, 2019. We generated small amounts of non-operating income in the form of interest income on cash and cash equivalents. Interest income was significant in view of our investment in U.S. Treasury Bills from our Trust fund. We incurred increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses incurred for our merger and acquisition related activities.

For the three months ended March 31, 2019 and 2018, we had a net income of \$726,483 and \$527,701, respectively. The formation and operating costs (not charged against shareholders’ equity) for the three months ended March 31, 2018 was \$464,129, an increase of \$352,344, from \$111,785 for the three months ended March 31, 2018. The increase was mainly caused by the increase in professional fees related to our merger and acquisition related activities. The interest income from investments in our Trust Account for the three months ended March 31, 2019 was \$1,190,612, an increase of \$453,368, from \$737,244 for the three months ended March 31, 2018. The increase was mainly due to improved yields in investments and higher investment balance during the three months ended March 31, 2019 as compared to the comparative 2018 period. Realized loss from sale of investments was \$-0- for the three months ended March 31, 2019 as compared to \$97,758 for the three months ended March 31, 2018. We incurred a realized loss from sale of investments of \$97,758 during the three months ended March 31, 2018, but did not incur such loss during 2019.

Liquidity and Capital Resources

As of March 31, 2019, we had cash outside our trust account of \$53,980, available for working capital needs. All remaining cash was held in the trust account and was generally unavailable for our use, prior to an initial business combination.

Our liquidity needs have been satisfied through March 31, 2019 through receipt of \$31,038 from the sale of the insider shares, advances from our sponsor and an affiliate of our sponsor in an aggregate amount of \$663,009, which were repaid upon our IPO and not outstanding as of December 31, 2017, and the remaining net proceeds from our IPO and Private Placements as well as the additional funding from our sponsor (see below).

Additionally, on April 9, 2018, our sponsor agreed to loan to us an additional \$500,000 pursuant to a non-convertible non-interest-bearing promissory note, which will be repaid promptly after the date on which we consummate a business combination. In the event that we are unable to consummate a business combination, as described in the prospectus relating to the IPO, the balance of such note will be forgiven and our sponsor will not be entitled to any payment thereunder.

On January 24, 2019 we issued an unsecured promissory note in the aggregate principal amount of up to \$1,100,000 to our sponsor. We may request funds from our sponsor under the note from time to time. The note does not bear interest and matures upon closing of a business combination. Thereafter, the total of all Sponsor loans to us was \$1,600,000. In the event that we are unable to consummate a business combination, as described in the prospectus relating to the IPO, the balance of such note will be forgiven and our sponsor will not be entitled to any payment thereunder.

On January 24, 2019 our sponsor and Kaixin extended the time available to us to complete a business combination to April 30, 2019 by depositing \$2,063,629 into our trust account. In conjunction with the extension, we issued unsecured promissory notes in the aggregate principal amount of \$2,063,629 to our sponsor and Kaixin in exchange for those entities depositing such amount into the Company's trust account. The notes do not bear interest and mature upon closing of a business combination by us. In addition, the notes may be converted by the holder into our units (identical to the units issued in our initial public offering) at a price of \$10.00 per unit.

On January 28, 2019, Kaixin, KAH and an investor entered into a convertible loan agreement pursuant to which the investor has agreed to invest US\$23 million into Kaixin with interest payable at the loan interest rate as stipulated by the People's Bank of China. An additional penalty interest rate will apply for unremitted amounts in the event of a default. US\$20 million of the loan was advanced to Kaixin on January 28, 2019, and the remaining US\$3 million is to be advanced to Kaixin on January 31, 2020. Upon completion of the Transactions, the loan was converted into 2,000,000 units, each unit consisting of one and one tenths ordinary shares and one half of a redeemable warrant. The securities were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, as the transactions did not involve a public offering.

On January 29, 2019, KAH entered into a subscription agreement with one accredited investor to sell 750,000 of its units (each unit having the same underlying securities as were issued in KAH's initial public offering) at a price of \$10.00 per unit. The closing took place at the closing of the Transactions. The investor received certain demand and piggyback registration rights pursuant to the terms of the subscription agreement. The securities were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, as the transactions did not involve a public offering.

On April 25, 2019, Kaixin, KAH and an investor entered into a convertible loan agreement pursuant to which the investor agreed to invest US\$1 million into Kaixin with interest payable at the loan interest rate as stipulated by the People's Bank of China. Upon completion of the Transactions, the loan was converted into 100,000 ordinary shares. The securities were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, as the transactions did not involve a public offering.

On April 30, 2019, we consummated the transactions contemplated by the Share Exchange Agreement. The Business Combination was approved at a special meeting of shareholders of CM Seven Star Acquisition Corp. on April 24, 2019, and subsequently CM Seven Star Acquisition Corp. was renamed as Kaixin Auto Group.

Off-Balance Sheet Financing Arrangements

As of March 31, 2019, we did not have any off-balance sheet arrangements. We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or entered into any non-financial assets.

Contractual Obligations

At March 31, 2019, we did not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities.

Critical Accounting Policies

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our unaudited financial information. We describe our significant accounting policies in Note 2 - Significant Accounting Policies, of the Notes to Financial Statements included in this report. Our unaudited financial statements have been prepared in accordance with U.S. GAAP. Certain of our accounting policies require that management apply significant judgments in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with U.S. GAAP. Judgments are based on historical experience, terms of existing contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and, therefore, actual results could differ from our estimates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to make disclosures under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that as of March 31, 2019, our disclosure controls and procedures were effective.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1.

As of the date of this report, there have been no material changes to the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. Risk factors relating to our Business Combination may be found in our definitive proxy statement, as filed with the SEC on March 29, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds from Registered Securities

For a description of the use of the proceeds generated in our IPO, see Part I, Item 2 of this Form 10-Q.

As previously reported in our current report on form 8-K filed with the SEC on May 6, 2019 and as described in Part I, Item 2 of this Form 10-Q, we entered into certain convertible loan agreements in connection with the Business Combination. We intend to use the proceeds therefrom for general corporate purposes.

Item 6. Exhibits.

Exhibit No.	Description
<u>2.1</u>	<u>Share Exchange Agreement among CM Seven Star Acquisition Corporation, Kaixin Auto Group and Renren Inc., dated November 2, 2018 (incorporated by reference to Exhibit 10.23 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).</u>
<u>2.2*</u>	<u>Waiver Letter in connection with the Share Exchange Agreement among CM Seven Star Acquisition Corporation, Kaixin Auto Group, Renren Inc. and Shareholder Value Fund, dated April 30, 2019.</u>
<u>3.1*</u>	<u>Second Amended and Restated Memorandum and Articles of Association of Kaixin Auto Holdings, as adopted by a special resolution on April 24, 2019</u>
<u>4.1</u>	<u>Promissory Note in the principal amount of \$1,100,000 dated January 24, 2019 (incorporated by reference to Exhibit 10.6 to the Form 10-K (File No. 001-38261) filed with the SEC on March 25, 2019).</u>
<u>4.2</u>	<u>Promissory Note in the principal amount of \$1,013,629.30 dated January 24, 2019 (incorporated by reference to Exhibit 10.7 to the Form 10-K (File No. 001-38261) filed with the SEC on March 25, 2019).</u>
<u>4.3</u>	<u>Convertible Loan Agreement among CM Seven Star Acquisition Corporation, Kaixin Auto Group and Kunlun Tech Limited, dated January 28, 2019 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on February 1, 2019).</u>
<u>4.4</u>	<u>Subscription Agreement between CM Seven Star Acquisition Corporation and E&A Callet Investments Limited, dated January 29, 2019 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on February 1, 2019).</u>
<u>4.5</u>	<u>Promissory Note dated April 9, 2018 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on April 13, 2019).</u>
<u>4.6*</u>	<u>Convertible Loan Agreement among CM Seven Star Acquisition Corporation, Kaixin Auto Group and 58.com Holdings Inc., dated April 25, 2019.</u>
<u>31.1*</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.</u>
<u>31.2*</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.</u>
<u>32*</u>	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*filed herewith

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KAIXIN AUTO HOLDINGS

By: /s/ Ji Chen

Ji Chen

Chief Executive Officer

(Principal executive officer)

By: /s/ Thomas Jintao Ren

Thomas Jintao Ren

Chief Financial Officer

(Principal financial and accounting officer)

Date : May 15, 2019

**CM Seven Star Acquisition Corporation
Suite 1306, 13/F, AIA Central
1 Connaught Road, Central, Hong Kong**

April 30, 2019

Kaixin Auto Group
5/F, North Wing, 18 Jiuxianqiao Middle Road, Chaoyang District
Beijing 100016, People's Republic of China
Attention: Thomas Jintao Ren

Renren Inc.
5/F, North Wing, 18 Jiuxianqiao Middle Road, Chaoyang District
Beijing 100016, People's Republic of China
Attention: James Jian Liu

Shareholder Value Fund
c/o Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands
Attn: John Cullinane

Simpson Thacher & Bartlett
35/F ICBC Tower, 3 Garden Road
Central, Hong Kong SAR
Attention: Chris K.H. Lin

Skadden, Arps, Slate, Meagher & Flom
42/F, Edinburgh Tower, The Landmark
15 Queen's Road Central, Hong Kong SAR
Attention: Kenneth W. Chase

To whom it may concern:

Reference is made to the share exchange agreement, dated as of November 2, 2018 (the "**Exchange Agreement**"), by and among Kaixin Auto Group, a Cayman Islands exempted company, Renren Inc., a Cayman Islands exempted company, and CM Seven Star Acquisition Corporation, a Cayman Islands exempted company. Any terms not defined herein shall have the same meaning as such terms have in the Exchange Agreement. This letter amends and restates in its entirety the letter dated April 26, 2019.

Section 9.1(c) of the Exchange Agreement requires that Purchaser has at least US\$5,000,001 of net tangible assets at the Closing. By signing below, the Company and the Seller hereby waive the requirement that that the Purchaser have at least US\$5,000,001 of net tangible assets at the Closing pursuant to the terms of the Exchange Agreement.

By signing below, the Purchaser agrees that it shall have at least US\$2,400,000 of cash immediately prior to the Closing (for the avoidance of doubt, any of such cash shall not be attributable to amounts contributed by Kaixin Auto Group or Renren Inc. or by investors introduced or procured by Kaixin Auto Group or Renren Inc.), Shareholder Value Fund agrees to pay to CM Seven Star Acquisition Corporation an additional US\$1.6 million within two (2) weeks following the Closing, and none of Kaixin Auto Group, Renren Inc. and CM Seven Star Acquisition Corporation (post-Closing) shall be responsible for any Indebtedness, accounts payable or other obligations of CM Seven Star Acquisition Corporation upon the Closing in excess of US\$4,000,000 in the aggregate which are to be settled by cash. Additionally, upon the Closing, none of Kaixin Auto Group, Renren Inc. and CM Seven Star Acquisition Corporation (post-Closing) shall be responsible for any Indebtedness, accounts payable or other obligations of CM Seven Star Acquisition Corporation in excess of US\$2,600,000 in the aggregate which are to be settled by consideration of any nature other than cash.

By signing below, Shareholder Value Fund, as sponsor to the Purchaser, agrees to use its best efforts, within one month from the date of this letter, to restructure the loan it has extended to CM Seven Star Acquisition Corporation so that CM Seven Star Acquisition Corporation is no longer required to repay the loan immediately.

In addition, by signing below, Shareholder Value Fund agrees to assume and shall be responsible for (i) any Indebtedness, accounts payable or other obligations of CM Seven Star Acquisition Corporation at the Closing in excess of US\$4,000,000 in the aggregate which are to be settled by cash, and (ii) any Indebtedness, accounts payable or other obligations of CM Seven Star Acquisition Corporation at the Closing in excess of US\$2,600,000 in the aggregate which are to be settled by consideration of any nature other than cash.

[Signature page follows]

**CM SEVEN STAR COMPANY
CORPORATION**

By: /s/ Sing Wang
Name Sing Wang
Title CEO & Director

Acknowledged and Agreed:

KAIXIN AUTO GROUP

By: /s/ Joseph Chen
Name Joseph Chen
Title Chairman

RENREN INC.

By: /s/ James Jian Liu
Name James Jian Liu
Title Director and Secretary

SHAREHOLDERS VALUE FUND

By: /s/ David Egglshaw
Name David Egglshaw
Title Director

[Signature page to waiver letter]

Registrar of Companies
Government Administration Building
133 Elgin Avenue
George Town
Grand Cayman

Kaixin Auto Holdings (formerly CM Seven Star Acquisition Corporation) (ROC #317655) (the "Company")

TAKE NOTICE that at an annual general meeting of the shareholders of the Company dated 29 April 2019, the following resolutions were passed:

An increase in the number of authorized ordinary shares of the Company to 500,000,000 and removal of the class of preferred shares.

As a special resolution the change of the Company's name to **Kaixin Auto Holdings** and the adoption of the Second Amended and Restated Memorandum and Articles of the Company.

/s/ Ra-Shawn Smith

Ra-Shawn Smith
Corporate Administrator
for and on behalf of
Maples Corporate Services Limited

Dated this 1st day of May 2019



www.verify.gov.ky File#: 317655

Filed: 01-May-2019 16:59 EST
Auth Code: C05042668355

THE COMPANIES LAW (2018 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
SECOND AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
KAIXIN AUTO HOLDINGS

(Adopted by a Special Resolution passed on 29 April 2019 and effective immediately prior to the completion of the Company's acquisition of Kaixin Auto Group)

1. The name of the Company is **Kaixin Auto Holdings**
2. The registered office of the Company shall be at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands or at such other place as the Directors may from time to time decide.
3. Subject to the following provisions of this Memorandum of Association, the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2018 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. Nothing in this Memorandum of Association shall permit the Company to carry on a business for which a license is required under the laws of the Cayman Islands unless duly licensed.
5. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
6. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
7. The authorised share capital of the Company is US\$50,000 divided into 500,000,000 ordinary shares of a par value of US\$0.0001 each.



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*Filed: 01-May-2019 16:59 EST
Auth Code: K35315917853*

8. The Company has the power to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2018 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the powers hereinbefore contained.
9. The Company has the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
10. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.



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*Filed: 01-May-2019 16:59 EST
Auth Code: K35315917853*

THE COMPANIES LAW (2018 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
KAIXIN AUTO HOLDINGS

(Adopted by a Special Resolution passed on 29 April 2019 and effective immediately prior to the completion of the Company's acquisition of Kaixin Auto Group)

TABLE A

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

"ADS"	an American Depositary Share representing Ordinary Shares;
"Affiliate"	with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control, with such specified Person; For purposes of these Articles, except as otherwise expressly provided herein, when used with respect to any Person, "control" means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "affiliated", "controlling" and "controlled" have meanings correlative to the foregoing;
"applicable law"	includes the Law and Statutes, the rules and regulations of the Designated Stock Exchange, and any rules and regulations of the United States Securities and Exchange Commission that may apply to the Company by virtue of its trading on the Designated Stock Exchange, or of any other jurisdiction in which the Company is offering securities;



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"Articles"	these Amended and Restated Articles of Association of the Company as amended from time to time;
"Board" and "Board of Directors" and "Directors"	the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;
"Business Day"	a day (excluding Saturdays or Sundays), on which banks in Hong Kong, Beijing, Shanghai and New York are open for general banking business throughout their normal business hours;
"capital"	the share capital from time to time of the Company;
"Chairman"	the chairman of the Board of Directors;
"Change of Control Event"	with respect to a Person, the occurrence of any of the following, whether in a single transaction or in a series of related transactions: (A) an amalgamation, arrangement, merger, consolidation, scheme of arrangement or similar transaction (i) in which such Person is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which such Person is incorporated or (ii) as result of which the holders of the voting securities of such Person do not hold more than 50% of the combined voting power of the voting securities of the surviving entity, or (B) sale, transfer or other disposition of all or substantially all of the assets of such Person (including without limitation in a liquidation, dissolution or similar proceeding);
"clearing house"	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction;
"Commission"	Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;



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"Companies Law" and "Law"	the Companies Law (2018 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof. Where any provision of the Companies Law is referred to, the reference is to that provision as amended by any law for the time being in force;
"Company"	Kaixin Auto Holdings, a Cayman Islands exempted company limited by shares;
"Company's website"	the website of the Company, the address or domain name of which has been notified to Members;
"debenture" and "debenture holder"	a debenture and debenture holder(s) respectively, as those terms are defined in the rules of the Designated Stock Exchange;
"Designated Stock Exchange"	the Nasdaq Stock Market or any other stock exchange on which the Company's Ordinary Shares are listed for trading;
"Dividend"	shall include bonus issues of shares or other securities of the Company and distributions permitted by the Law to be categorised as dividends;
"Effective Date"	the date of the closing of the Company's acquisition of Kaixin Auto Group, pursuant to the Exchange Agreement;
"electronic"	the meaning given to it in the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force;
"electronic communication"	electronic posting to the Company's Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;
"Exchange Agreement"	that certain share exchange agreement dated November 2, 2018; among the Company, Renren and Kaixin Auto Group;
"Foreign Private Issuer"	a "foreign private issuer" as defined in Rule 3b-4 under the Securities Exchange Act;



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"in writing"	includes writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a legible and non-transitory form and, only where used in connection with a notice served by the Company on Members or other persons entitled to receive notices hereunder, shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference;
"Member"	has the meaning given to it in the Companies Law;
"Memorandum of Association"	the Memorandum of Association of the Company, as amended from time to time;
"month"	a calendar month;
"Ordinary Resolution"	a resolution: <p>(a) passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Member being an organisation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of the Company; or</p> <p>(b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;</p>
"Ordinary Share"	an Ordinary Share of a par value of US\$0.0001 in the share capital of the Company;
"ordinary shares"	the Ordinary Shares, collectively or any of them;
"paid up"	paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;
"Percentage Ownership"	with respect to a Person's ownership in another Person, the lesser of (a) the voting rights that such Person directly or indirectly holds in such other Person as a percentage of all of the outstanding voting rights in such other Person and (b) the equity interests that such Person directly or indirectly (through wholly-owned subsidiaries) holds in such other Person as a percentage of all of the outstanding equity interests in such other Person;



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"Person"	any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
"Register of Members"	the register kept by the Company in accordance with the Companies Law;
"Renren"	Renren Inc., a company incorporated under the laws of the Cayman Islands;
"Renren Base Holding"	as of a given time, a number of Ordinary Shares that is equal to or greater than the number of Ordinary Shares held by SVF as of such time;
"Renren Parties"	as of the time specified or, if no time is specified, from time to time, collectively (i) Renren and (ii) each Affiliate of Renren whose financial statements are required under generally accepted accounting principles to be reported by Renren on a consolidated basis;
"Seal"	the Common Seal of the Company (if adopted) including any facsimile thereof;
"secretary"	the person appointed as company secretary by the Board from time to time;
"Securities Act"	the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
"Securities Exchange Act"	the Securities Exchange Act of 1934 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;



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"share"	any share in the capital of the Company, without regard to class and includes a fraction of a share;
"signed"	includes a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;
"Special Resolution"	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a majority of not less than two-thirds (2/3) of the votes cast (save that with respect to the matters referred to in Article 9(d)(ii)(a), (b) and (g) in respect of the Company, the resolution shall be passed by a majority of not less than two-thirds (2/3) of the votes cast which must include the affirmative vote of Renren), or a written resolution passed by unanimous consent of all Members entitled to vote;
"Statutes"	the Companies Law and every other law and regulation of the legislature of the Cayman Islands for the time being in force concerning companies and affecting the Company, its Memorandum of Association and/or these Articles;
"Subsidiaries"	with respect to any Person, any or all corporations, partnerships, limited liability companies, joint ventures, associations and other entities controlled by such person directly or indirectly through one or more intermediaries;
"SVF"	Shareholder Value Fund, a company incorporated under the laws of the Cayman Islands;
"Transfer"	any sale, transfer or other disposition, whether or not for value;
"United States Dollars," or "US\$"	dollars, the legal currency of the United States of America; and
"year"	a calendar year.



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2. In these Articles, save where the context requires otherwise:
- (a) words importing the singular number shall include the plural number and vice versa;
 - (b) words importing the masculine gender only shall include the feminine gender;
 - (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
 - (d) "may" shall be construed as permissive and "shall" shall be construed as imperative;
 - (e) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
 - (g) Section 8 and 19(3) of the Electronic Transactions Law (2003 Revision) shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. Subject to the Statutes, the business of the Company may be conducted as the Directors see fit.
5. The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

ISSUE OF SHARES

6. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may, in their absolute discretion and without the approval of the Members, cause the Company to:
- (a) issue, allot and dispose of Shares (including, without limitation, preferred shares) (whether in certificated form or non-certificated form) to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine;



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- (b) grant rights over Shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and
- (c) grant options with respect to Shares and issue warrants or similar instruments with respect thereto.

7. The Directors may provide, out of the unissued shares, for series of preferred shares. Before any preferred shares of any such series are issued, the Directors shall fix, by resolution or resolutions, the following provisions of the preferred shares thereof:

- (a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;
- (b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;
- (c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of preferred shares;
- (d) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;
- (e) the amount or amounts payable upon preferred shares of such series upon, and the rights of the holders of such series in, a voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Company;
- (f) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;
- (g) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;



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- (h) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing Shares or shares of any other class of shares or any other series of preferred shares;
- (i) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and
- (j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof.

Without limiting the foregoing and subject to the Articles, the voting powers of any series of preferred shares may include the right, in the circumstances specified in the resolution or resolutions providing for the issuance of such preferred shares, to elect one or more Directors who shall serve for such term and have such voting powers as shall be stated in the resolution or resolutions providing for the issuance of such preferred shares.

- 8. The powers, preferences and relative, participating, optional and other special rights of each series of preferred shares, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of preferred shares shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be cumulative.

RIGHTS AND RESTRICTIONS ATTACHING TO ORDINARY SHARES

- 9. Each Ordinary Share shall have the same rights, including economic and income rights, in all circumstances. The rights and restrictions attaching to the ordinary shares are as follows:

- (a) Income

Holders of Ordinary Shares shall be entitled to such dividends as the Directors may in their absolute discretion lawfully declare from time to time.

- (b) Capital

Holders of Ordinary Shares shall be entitled to a return of capital on liquidation, dissolution or winding-up of the Company (other than on a conversion, redemption or purchase of shares, or an equity financing or series of financings that do not constitute the sale of all or substantially all of the shares of the Company).



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(c) Change of Control Event

Each Ordinary Share shall have the same rights upon a Change of Control Event with respect to their rights and interests in the Company, including without limitation receiving the same consideration on a per share basis.

(d) Attendance at General Meetings and Voting

Holders of ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of the Company. Holders of Ordinary Shares shall at all times vote together as one class on all matters submitted to a vote by Members, and, where a poll is requested, each Ordinary Share shall be entitled to one vote on all matters subject to a vote at general meetings of the Company.

Notwithstanding any provision of these Articles to the contrary:

- (i) the following matters are subject to the approval by Renren and, for a period of twenty-four (24) months from the Effective Date, SVF:
- a) any action that authorises, creates or issues any securities or class of securities of the Company and its Subsidiaries other than (i) pursuant to a duly adopted equity-based incentive plan of the Company or a Subsidiary approved by the Board in accordance with this Article (excluding, for the avoidance of doubt, the equity incentive plan adopted on the Effective Date in accordance with the terms of the Exchange Agreement);
 - b) any establishment of or amendment to any equity-based incentive plan of the Company or any of its Subsidiaries, including any equity appreciation, phantom equity, equity plans or similar rights with respect to the Company or any of its Subsidiaries;
 - c) the selection of underwriters and the exchange on which any equity interests of the Company (including the Ordinary Shares), or any equity securities of a Subsidiary will be listed,
 - d) the declaration, set aside, or payment of any scrip dividend on, or other distribution that is deemed to be a dilutive event with respect to, any equity interests of the Company or any of its Subsidiaries;
- (ii) the following matters are subject to the approval by Renren for so long as Renren Parties continue to collectively hold at least the Renren Base Holding:
- a) election of Director(s) to the Board at an annual general meeting of the Company;



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- b) any amendment of the Memorandum or the Articles or the constitutional documents of any of the Company's Subsidiaries, including without limitation any amendment or change of the rights, preferences, privileges or powers, or other terms of, or the restrictions provided for the benefit of any securities of the Company and its Subsidiaries;
- c) any action to nominate, appoint, suspend or remove any executive officer or other member of management of the Company and its Subsidiaries, or the adoption of any employment or personnel policies of the Company or its Subsidiaries;
- d) any related party transaction between a member of any the senior management of the Company or its Subsidiaries or any of such management member's respective Affiliates, on the one hand, and any of the Company or its Subsidiaries, on the other hand, including any amendment or termination of such related party transaction other than pursuant to its terms, other than (i) loans to employees of the Company or its Subsidiaries in an aggregate amount outstanding at any given time not exceeding RMB100,000, so long as the details of such loans are promptly disclosed in writing to Renren; or (ii) transactions that do not exceed US\$120,000 in the aggregate in any 12-month period, whether based on payments made or the value of the subject matter of such transactions, so long as such transactions are promptly disclosed in writing to Renren;
- e) any Change of Control Event;
- f) any acquisition of material assets or any equity interests of any other Person;
- g) the liquidation, dissolution or winding-up of the Company or any of its Subsidiaries;
- h) the declaration, set aside, or payment of any dividend on, or other distribution with respect to, any equity interests of any the Company or its Subsidiaries (save for scrip dividends and similar dilutive events whereby SVF consent and approval is also required pursuant to Article 9(d)(i));
- i) the appointment or removal of the auditors of the Company or any change in accounting policies of the Company or its Subsidiaries;
- j) the granting of exclusivity to any third party with respect to any rights, assets or opportunities of, or rights or opportunities to do business with, the Company or its Subsidiaries;
- k) the incurrence of any material indebtedness or guarantees, or the grant or creation of any material security interest, mortgage, charge, pledge, lien or other encumbrance on any assets of the Company or its Subsidiaries in connection with the incurrence of such material indebtedness or guarantees (other than transactions involving such incurrences or such grants or creations in connection therewith that, in each case, arise in the ordinary course of business consistent with past practice);



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- l) any sale, transfer, disposition, licensing, assignment or pledge of, or grant or creation of any security interest, mortgage, charge, pledge, lien or other encumbrance on, any material assets of the Company or any of its Subsidiaries, including any technology or intellectual property of the Company or any of its Subsidiaries any (other than the non-exclusive licensing of technology or intellectual property in the ordinary course of business consistent with past practice);
- m) any purchase or redemption of any equity interests of the Company or its Subsidiaries by the Company or its Subsidiaries other than the repurchases of equity interests of the Company or its Subsidiaries from its employees or consultants pursuant to a duly adopted equity-based incentive plan approved by the Board and approved in accordance with this Article 9(d)(ii) at a price equal to the lower of (i) the fair market value thereof or (ii) the original cost thereof;
- n) the formation by Company or its Subsidiaries of any material joint ventures or partnerships (including any material strategic alliances or cooperation arrangements);
- o) any material amendments to any contractual arrangements with respect to the ownership, voting rights, economic rights or control of any variable interest entity;
- p) any registration by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands or deregistration in the Cayman Islands;
- q) any agreement or commitment to do any of the foregoing; and
- r) any delegation of authority in respect of any of the foregoing matters to any committee of the Board or any other person.

REGISTER OF MEMBERS AND SHARE CERTIFICATES

10. The Company shall maintain a Register of Members and a Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates (if any) shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. All certificates for shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the register.



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11. All share certificates shall bear legends required under the applicable laws, including the Securities Act.
12. Any two or more certificates representing shares of any one class held by any Member may at the Member's request be cancelled and a single new certificate for such shares issued in lieu on payment (if the Directors shall so require) of US\$1.00 or such smaller sum as the Directors shall determine.
13. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the relevant Member upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
14. In the event that shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

TRANSFER OF SHARES

15. Shares of the Company are transferable; provided that the Board may, in its sole discretion, decline to register any transfer of any share which is not fully paid up or on which the Company has a lien.
 - (a) The Directors may also decline to register any transfer of any share unless:
 - (i) the instrument of transfer is lodged with the Company, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (ii) the shares to be transferred are free of any lien in favor of the Company;
 - (iii) the instrument of transfer is in respect of only one Class of Shares;
 - (iv) the instrument of transfer is properly stamped, if required; and
 - (v) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board may from time to time require, is paid to the Company in respect thereof.
 - (b) If the Directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.



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16. The registration of transfers may, on 14 days' notice being given by advertisement in one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as the Board may from time to time determine.
17. The instrument of transfer of any share shall be in writing and executed by or on behalf of the transferor (and if the Directors so require, signed by the transferee). Without prejudice to the last preceding Article, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members.
18. All instruments of transfer registered shall be retained by the Company.

REDEMPTION AND PURCHASE OF OWN SHARES

19. Subject to the provisions of the Statutes and these Articles, the Company may:
 - (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member and the redemption of shares shall be effected on such terms and in such manner as the Board may, before the issue of such shares, determine;
 - (b) purchase its own shares (including any redeemable shares) on such terms and in such manner as have been approved by the Board or by the Members by Ordinary Resolution (provided that no such purchase may be made contrary to the terms or manner recommended by the Board), or are otherwise authorised by these Articles; and
 - (c) the Company may make a payment in respect of the redemption or purchase of its own shares in any manner permitted by the Statutes, including out of capital.
20. Purchase of shares listed on the Designated Stock Exchange: the Company is authorised to purchase any share listed on the Designated Stock Exchange in accordance with the following manner of purchase:
 - (a) the maximum number of shares that may be repurchased shall be equal to the number of issued and outstanding shares less one share; and
 - (b) the repurchase shall be at such time, at such price and on such other terms as determined and agreed by the Board in their sole discretion; provided, however, that:
 - (i) such repurchase transactions shall be in accordance with the relevant code, rules and regulations applicable to the listing of the shares on the Designated Stock Exchange; and



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(ii) at the time of the repurchase, the Company is able to pay its debts as they fall due in the ordinary course of its business.

20A. Purchase of shares not listed on the Designated Stock Exchange: the Company is authorised to purchase any shares not listed on the Designated Stock Exchange in accordance with the following manner of purchase:

- (a) the Company shall serve a repurchase notice in a form approved by the Board on the Member from whom the shares are to be repurchased at least two Business Days prior to the date specified in the notice as being the repurchase date;
- (b) the price for the shares being repurchased shall be such price agreed between the Board and the applicable Member;
- (c) the date of repurchase shall be the date specified in the repurchase notice; and
- (d) the repurchase shall be on such other terms as specified in the repurchase notice as determined and agreed by the Board and the applicable Member in their sole discretion.

21. The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share and the Company is not obligated to purchase any other share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.

22. The holder of the shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.

VARIATION OF RIGHTS ATTACHING TO SHARES

23. If at any time the share capital is divided into different classes or series of shares, the rights attaching to any class or series (unless otherwise provided by the terms of issue of the shares of that class or series) may, subject to these Articles, be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class or series or with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class or series.

24. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class or series of shares except the following:

- (a) separate general meetings of the holders of a class or series of shares may be called only by (i) the Chairman of the Board, or (ii) a majority of the entire Board of Directors (unless otherwise specifically provided by the terms of issue of the shares of such class or series). Nothing in this Article 24 shall be deemed to give any Member or Members the right to call a class or series meeting.



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(b) the necessary quorum shall be one or more persons holding or representing by proxy at least one-third of the issued shares of the class or series and any holder of shares of the class or series present in person or by proxy may demand a poll.

25. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking in priority thereto or *pari passu* therewith.

COMMISSION ON SALE OF SHARES

26. The Company may in so far as the Statutes from time to time permit make any payment of a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage fees as may be lawful.

NON-RECOGNITION OF TRUSTS

27. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statutes) any other rights in respect of any share except an absolute right to the entirety thereof vested in the registered holder.

LIEN ON SHARES

28. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on a share shall extend to all dividends or other monies payable in respect thereof.

29. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 calendar days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto by reason of his death or bankruptcy.



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30. For giving effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
31. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

32. Subject to the terms of allotment, the Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares, and each Member shall (subject to receiving at least 14 calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
33. The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.
34. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
35. The Directors may make arrangements on the issue of shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.
36. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him as may be agreed upon between the Member paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

37. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of such much of the call or instalment as is unpaid.



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38. The notice shall name a further day (not earlier than the expiration of 14 calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
39. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
40. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
41. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the fully paid up amount of the shares.
42. A certificate in writing under the hand of a Director of the Company, which certifies that a share has been forfeited on a date stated in the certificate, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share or any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSMISSION OF SHARES

44. The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.
45. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be properly required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.



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46. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF CAPITAL

47. Subject to Article 9(d), the Company may by Ordinary Resolution:
- (a) increase its share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share capital into shares of larger par value than its existing shares;
 - (c) sub-divide its existing shares or any of them into shares of a smaller par value than is fixed by the Company's Memorandum of Association (subject, nevertheless, to the Law) provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
48. Subject to the provisions of the Statutes and these Articles as regards to the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.
49. All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.



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CLOSING REGISTER OF MEMBERS AND FIXING RECORD DATE

50. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case 30 calendar days. If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members such register shall be so closed for at least 10 calendar days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.
51. In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend, the Directors may, at or within 30 calendar days prior to the date of declaration of such dividend fix a subsequent date as the record date of such determination.
52. If the Register of Members is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

GENERAL MEETINGS

53. All general meetings of the Company other than annual general meetings shall be called extraordinary general meetings.
54. The Company may hold an annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall determine.
- (a) At these meetings the report of the Directors (if any) shall be presented.
- (b) If the Company is exempted as defined in the Statute, it may but shall not be obliged to hold an annual general meeting.
55. Any Director may, and the Directors shall on the requisition of Members of the Company holding as at the date of the deposit of the requisition not less than one-fifth of such of the aggregate voting power of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, proceed to convene a general meeting of the Company.



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- (a) The requisition must state the objects of the meeting and must be signed by the requisitionists and be deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.
- (b) If there are no Directors as at the date of deposit of the Members' requisition or if the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said twenty-one (21) days.
- (c) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.
- (d) Any resolutions passed on the extraordinary general meetings convened pursuant to sub-Article (a) above should be by Special Resolutions.

NOTICE OF GENERAL MEETINGS

56. At least seven calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and
 - (b) in the case of an extraordinary general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five percent in par value of the shares giving that right.
- 56A. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.



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PROCEEDINGS AT GENERAL MEETINGS

57. No business except for the appointment of a chairman for the meeting shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. At least one Member, and not less than an aggregate of one-third of all voting power of the Company share capital in issue, shall be present in person or by proxy and entitled to vote shall be a quorum for all purposes.
58. If determined by the Board of Directors and specified in the notice of a general meeting, a person may participate in a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
59. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved.
60. The Chairman shall preside as chairman at every general meeting of the Company, except as provided in Article 61 below.
61. If there is no such Chairman, or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall elect one of their members to be the chairman of the meeting, or, if no Director is so elected and willing to be the chairman of the meeting, the Members present shall choose a chairman of the meeting.
62. The chairman of a general meeting may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 10 calendar days or more, not less than 7 Business Days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
63. Subject to Article 9(d), at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more Members present in person or by proxy entitled to vote and who together hold not less than one tenth of the paid up voting share capital of the Company or by the chairman of the meeting, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.



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64. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
65. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
66. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.
- 66A. A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all of the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, in the case of corporations or other non-natural persons, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

VOTES OF MEMBERS

67. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
68. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person, may on a poll, vote by proxy.
69. No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
70. On a poll, votes may be given either personally or by proxy.
71. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Company.
72. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.



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73. The instrument appointing a proxy shall be deposited at the registered office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
- (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any Director;

provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the registered office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The Chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

74. Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING

75. Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member.

CLEARING HOUSES

76. If a clearing house (or its nominee) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of Members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual Member of the Company holding the number and class of shares specified in such authorisation, including the right to vote individually on a show of hands.



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DIRECTORS

77. The Board shall consist of not less than three (3) Directors and no more than nine (9) Directors (exclusive of alternate Directors), provided that (subject to Article) the Company may from time to time by Special Resolution increase or decrease the number of Directors on the Board. For so long as the Shares are listed on the Designated Stock Exchange, the Directors shall include such number of independent directors as applicable law, rules or regulations or the Designated Stock Exchange Rules require, unless the Board resolves to follow any available exceptions or exemptions.
- (a) For so long as Renren Parties continue to collectively hold at least the Renren Base Holding, Renren will have the right to appoint or remove (Y) when the Company is not a Foreign Private Issuer, four (4) Directors, and (S) when the Company is a Foreign Private Issuer, six (6) Directors, or such greater number of Directors as required in order to allow Renren to appoint the majority of the Directors (each a “**Renren Director**”), by delivering a written notice to the Company.
 - (b) Each Director shall hold office until the expiration of his term and until his successor shall have been elected and qualified. The Board of Directors shall have a Chairman elected and appointed by a majority of the Directors then in office. The Directors may also elect a Co-Chairman or a Vice-Chairman of the Board of Directors (the “**Co-Chairman**”). The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors within sixty minutes after the time appointed for holding the same, the Co-Chairman, or in his absence, the attending Directors may choose one Director to be the chairman of the meeting. Other than as provided in Article 101, the Chairman’s voting right as to the matters to be decided by the Board of Directors shall be the same as other Directors.
 - (c) Subject to these Articles and the Companies Law, the Company may by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. The Directors by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, or the sole remaining Director, shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board, subject to the Company’s compliance with the director nomination procedures required under the applicable corporate governance rules of the Designated Stock Exchange’ as long as the Company’s Ordinary Shares (or any ADSs representing the Ordinary Shares) are trading on the Designated Stock Exchange.



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- (d) A Director may be removed from office by Special Resolution at any time before the expiration of his term notwithstanding any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement).
- (e) A vacancy on the Board created due to any reason may be filled by the election or appointment by Ordinary Resolution at the meeting at which a Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a duly called and constituted Board meeting. Notwithstanding anything to the contrary in these Articles, any persons entitled to designate any individual to be elected as a Director pursuant to (a) above shall have the exclusive right to remove any such Director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation or removal of any Director occupying such position during the periods specified in (b) above.

78. The Board may, from time to time, and except as required by applicable law or the listing rules of the Designated Stock Exchange, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.

79. A Director shall not be required to hold any shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at general meetings of the Company and all classes of shares of the Company.

DIRECTORS' FEES AND EXPENSES

80. The Directors may receive such remuneration as the Board may from time to time determine. The Directors shall be entitled to be repaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

ALTERNATE DIRECTOR

81. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director of the Company and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.



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82. Any Director may appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

83. Subject to the provisions of the Companies Law, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in a general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.
84. Subject to these Articles, the Directors may from time to time appoint any person, whether or not a Director of the Company, to hold such office in the Company as the Directors may think necessary for the administration of the Company, including without prejudice to the foregoing generality, the office of Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or Chief Technology Officer, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. The Directors may also appoint one or more members of their body (but not an alternate Director) to the office of Managing Director upon like terms, but any such appointment shall ipso facto determine if any Managing Director ceases from any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
85. The Directors may appoint any natural person or corporation to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.



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87. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
88. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
89. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
90. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any of the aforesaid.
91. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
92. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretions for the time being vested to them.

BORROWING POWERS OF DIRECTORS

93. The Directors may exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral or as security for any debt, liability or obligation of the Company or of any third party.



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DISQUALIFICATION OF DIRECTORS

94. Notwithstanding anything in these Articles, the office of a Director shall be vacated, if the Director:
- (a) dies, becomes bankrupt or makes any arrangement or composition with his creditors;
 - (b) is found to be or becomes of unsound mind;
 - (c) resigns his office by notice in writing to the Company;
 - (d) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated; or
 - (e) shall be removed from office pursuant to Article 77(d) or the Statutes.

PROCEEDINGS OF DIRECTORS

95. The Directors may meet together (whether within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit.
96. The Chairman or at least a majority of the Directors then in office may at any time summon a meeting of the Directors, provided every other Director and alternate Director has been provided at least 48 hours' prior notice of the date, time, venue and the proposed agenda of the proposed meeting of the Directors.
97. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director verbally (in person or by telephone) or otherwise communicated or sent to such Director by post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.
98. A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of conference telephone, video conference or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
99. The quorum necessary for the transaction of the business of the Directors shall be a majority of the Directors then in office, including the Chairman and at least two Renren Directors, provided that a Director and his appointed alternate Director shall be considered only one person for this purpose. A meeting of the Directors at which a quorum is present when the meeting proceeds to business shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. A meeting of the Directors may be held by means of telephone or teleconferencing or any other telecommunications facility provided that all participants are thereby able to communicate immediately by voice with all other participants.



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100. If a quorum is not present at a Board meeting within thirty (30) minutes following the time appointed for such board meeting, the relevant meeting shall be adjourned for a period of at least three (3) Business Days and the presence of any three (3) directors shall constitute a quorum at such adjourned meeting. A meeting of the Directors at which a quorum is present when the meeting proceeds to business shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.
101. Questions arising at any meeting of the Directors shall be decided by a majority of votes and each Director shall be entitled to one (1) vote in deciding matters deliberated at any meeting of the Directors.
102. In case of equality of votes, the Chairman shall have a second or casting vote.
103. Except as required by the Company's corporate governance policies, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.
104. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
105. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.



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106. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
107. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
108. A resolution signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted and when signed, a resolution may consist of several documents each signed by one or more of the Directors.
109. The continuing Directors may act, notwithstanding any vacancy in their body, but if their number is reduced below the number fixed pursuant to these Articles as the necessary quorum of Directors, then the continuing Directors may act only to increase the number or to summon a general meeting of the Company, but for no other purpose.
110. The Board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board. A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.
111. A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
112. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.



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PRESUMPTION OF ASSENT

113. A Director who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

114. Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor. At any and every time the Directors declare dividends, Ordinary Shares shall have identical rights in the dividends so declared.
115. Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
116. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.
117. Any dividend may be paid by cheque or wire transfer to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct.



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118. The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.
119. Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.
120. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as fully paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the share.
121. If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other monies payable on or in respect of the share.
122. No dividend shall bear interest against the Company.
123. Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

BOOK OF ACCOUNTS

124. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
125. The books of account shall be kept at such place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
126. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Company by Ordinary Resolution.
127. Subject to the requirements of applicable law and the applicable rules of the Designated Stock Exchange, the accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Company by Ordinary Resolution or failing any such determination by the Directors or failing any determination as aforesaid shall not be audited.



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ANNUAL RETURNS AND FILINGS

128. The Board shall make the requisite annual returns and any other requisite filings in accordance with the Companies Law.

AUDIT

129. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
130. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
131. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next special meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any time during their term of office, upon request of the Directors at any general meeting of the Members.

THE SEAL

132. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.
133. The Company may maintain a facsimile of its Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal of the Company is so affixed in their presence.



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134. Notwithstanding the foregoing, a Director shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

CAPITALISATION OF PROFITS

135. Subject to the Statutes and these Articles, the Board may, with the authority of an Ordinary Resolution:

- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
- (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively; or
 - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,

and allot the shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;

- (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;
- (d) authorise a person to enter (on behalf of all the Members concerned) an agreement with the Company providing for either:
 - (i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or
 - (ii) the payment by the Company on behalf of the Members (by the application of their respective operations of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares, an agreement made under the authority being effective and binding on all those Members; and



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(e) generally do all acts and things required to give effect to the resolution.

136. Notwithstanding any provisions in these Articles, the Directors may resolve to capitalise an amount standing to the credit of reserves (including the share premium account, capital redemption reserve and profit and loss account) or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

- (a) employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;
- (b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or
- (c) any depository of the Company for the purposes of the issue, allotment and delivery by any depository to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

NOTICES

137. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appears in the Register of Members or, to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the Member to the Company or by placing it on the Company's Website. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

138. Notices posted to addresses outside the Cayman Islands shall be forwarded by prepaid airmail.

139. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.



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140. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted (in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and duly posted to the courier);
 - (b) facsimile, shall be deemed to have been served upon confirmation of receipt;
 - (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service and in proving such service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly delivered to the courier; or
 - (d) electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by any applicable laws or regulations.
141. Any notice or document delivered or sent to any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt or being wound-up, and whether or not the Company has notice of his death or bankruptcy or winding-up, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
142. Notice of every general meeting shall be given to:
- (a) all Members who have supplied to the Company an address for the giving of notices to them;
 - (b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting; and
 - (c) each Director and alternate Director.
- No other person shall be entitled to receive notices of general meetings.

INFORMATION

143. No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.



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144. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its members including, without limitation, information contained in the Register of Members and transfer books of the Company and as applicable by Statute.

INDEMNITY

145. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, willful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
146. No Indemnified Person shall be liable:
- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or
 - (b) for any loss on account of defect of title to any property of the Company; or
 - (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
 - (d) for any loss incurred through any bank, broker or other similar Person; or
 - (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or
 - (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, willful default or fraud.

FINANCIAL YEAR

147. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.



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WINDING UP

148. Subject to these Articles, if the Company shall be wound up the liquidator may, with the sanction of an Ordinary Resolution of the Company, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.
149. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

150. Subject to Article 9(d), the Company may at any time and from time to time by Special Resolution alter or amend these Articles or the Memorandum of Association of the Company, in whole or in part, or change the name of the Company.

REGISTRATION BY WAY OF CONTINUATION

151. Subject to Article 9(d), the Company may by Ordinary Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

DISCLOSURE

152. The Directors, or any service providers (including the officers, the Secretary and the registered office agent of the Company) specifically authorised by the Directors, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.



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THIS CONVERTIBLE LOAN AGREEMENT (the “Agreement”) is made on April 25, 2019 BY AND BETWEEN:

- (1) **Kaixin Auto Group** an exempted company organized under the law of the Cayman Islands (“**Kaixin**”);
- (2) **CM Seven Star Acquisition Corp.**, an exempted company organized under the law of the Cayman Islands (“**CM Seven Star**”); and
- (3) **58.com Holdings Inc.**, a company organized under the law of the British Virgin Islands (the “**Investor**”).

Kaixin, CM Seven Star and the Investor are referred to herein collectively as the “**Parties**” and individually as a “**Party**.”

1. Definitions

“**Bank Account**” has the meaning ascribed to it in Clause 2 hereof.

“**Business Combination**” means the transactions contemplated under the Share Exchange Agreement, dated as of November 2, 2018, by and among CM Seven Star, Kaixin, and Renren Inc.

“**Business Day**” means any day other than a Saturday, Sunday or another day on which commercial banks in the PRC, Hong Kong or New York, New York are required or authorized by law or executive order to close.

“**CM Seven Star Share**” means an ordinary share, par value US\$0.0001 per share, of CM Seven Star.

“**CM Seven Star Share Amount**” means 100,000 CM Seven Star Shares.

“**Convertible Loan**” has the meaning ascribed to it in Clause 3 hereof.

“**Event of Default**” has the meaning ascribed to it in Clause 3(d) hereof.

“**Governmental Entity**” means any court, administrative agency or commission or other governmental authority or instrumentality, whether federal, state, local or foreign, or any applicable industry self-regulatory organization.

“**PRC**” means the People’s Republic of China, for purposes of this Agreement only, not including Hong Kong, Macau and Taiwan.

“**Principal Amount**” means US\$1,000,000.

“**Prospectus**” has the meaning ascribed to it in clause 9(h) hereof.

“**Qualified Financing**” means convertible debt financings or other equity financings by Kaixin or CM Seven Star which can be converted into CM Seven Star Shares for a minimum aggregate investment amount of US\$30,000,000.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Underwriters**” has the meaning ascribed to it in clause 9(h) hereof.

2. **Convertible Loan and Closing**

(a) On the terms and subject to the conditions set forth herein, the Investor will lend to Kaixin the Convertible Loan.

(b) Subject to the satisfaction (or, where permissible, waiver) of the conditions to the closing set forth in Clause 2(c) the closing shall take place at the offices of Simpson Thacher & Bartlett, located at 35/F ICBC Tower, 3 Garden Road, Central, Hong Kong, or such other location as agreed by the Parties in writing (the “**Closing**”), on April 29, 2019, or such other date as agreed by the Parties in writing (the date on which the Closing actually occurs, the “**Closing Date**”). At the Closing, the Investor will transfer the Principal Amount to Kaixin pursuant to Clause 3, and the rights of Investor set forth in Clauses 3 and 4 shall become effective. If the Closing has not occurred by May 31, 2019, or such other date otherwise agreed by Kaixin and Investor (the “**Long Stop Date**”), the Parties shall have no obligations whatsoever under this Agreement.

(c) Closing Conditions.

(i) The obligation of the Investor to consummate the Closing is subject to the fulfillment prior to or contemporaneously with the Closing of each of the following conditions:

(A) the representations and warranties of each of Kaixin and CM Seven Star set forth in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date (except to the extent such representations and warranties are made as of a specified date, in which case such representations and warranties shall be true and correct in all material respects as of such date);

(B) each of Kaixin and CM Seven Star shall have performed in all material respects all of its respective obligations required to be performed by it at or prior to or contemporaneously with the Closing under this Agreement;

(C) each of Investor’s, Kaixin’s and CM Seven Star’s boards of directors shall have approved this Agreement and the transactions contemplated hereunder;

- (D) Kaixin shall have completed a Qualified Financing before or concurrently with the Business Combination; and
- (E) no event, circumstance or change having occurred that, individually or in the aggregate with one or more other events, circumstances or changes, have had or reasonably could be expected to have a material adverse effect on CM Seven Star, Kaixin or their respective affiliates.
- (ii) The obligation of Kaixin to consummate the Closing is subject to the fulfillment prior to or contemporaneously with the Closing of each of the following conditions:
- (A) the representations and warranties of each of Investor and CM Seven Star set forth in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date (except to the extent such representations and warranties are made as of a specified date, in which case such representations and warranties shall be true and correct in all material respects as of such date);
- (B) each of Investor and CM Seven Star shall have performed in all material respects all obligations required to be performed by it at or prior to or contemporaneously with the Closing under this Agreement;
- (C) each of Investor's, Kaixin's and CM Seven Star's boards of directors shall have approved this Agreement and the transactions contemplated hereunder; and
- (iii) The obligation of CM Seven Star to consummate the Closing is subject to the fulfillment prior to the Closing of each of the following conditions:
- (A) the representations and warranties of the Investor and Kaixin set forth in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date (except to the extent such representations and warranties are made as of a specified date, in which case such representations and warranties shall be true and correct in all material respects as of such date);
- (B) each of the Investor and Kaixin shall have performed in all material respects all obligations required to be performed by it at or prior to or contemporaneously with the Closing under this Agreement;
- (C) each of Investor's, Kaixin's and CM Seven Star's boards of directors shall have approved this Agreement and the transactions contemplated hereunder; and

3. Convertible Loan

(a) The Investor hereby agrees to lend to Kaixin US\$1,000,000 (One Million United States Dollars) (the “**Convertible Loan**”) on the Closing Date and on the Closing Date will transfer such amount to the following bank account of Kaixin (the “**Bank Account**”):

Beneficiary Name: Kaixin Auto Group
Beneficiary Account number: 8003098327
Bank Routing Number (domestic wires): 322070381
Bank Swift Code (international wires): EWBKUS66XXX
Bank Name: East West Bank
Bank Address: 135 N. Los Robles Ave, Suite 600, Pasadena, CA 91101

Kaixin shall issue to the Investor a signed acknowledgment of receipt of the Convertible Loan within five (5) Business Days of the Closing Date.

(b) The term of the Convertible Loan shall be from the Closing Date to the earlier of (i) in the event that the Business Combination has not been consummated prior thereto, May 31, 2019 or (ii) the termination of the Business Combination (the “**Maturity Date**”). Upon the Maturity Date, Kaixin shall immediately repay the entire outstanding Principal Amount of the Convertible Loan plus any unpaid Interest accrued (if any). The term of the Convertible Loan may be extended by the Investor by delivering a written notice to Kaixin before the Maturity Date (such date, the “**Extended Maturity Date**”).

The Convertible Loan shall bear an annual interest rate on the Principal Amount outstanding in accordance with the loan interest rate stipulated by the Peoples Bank of China for the corresponding period accruing from the Closing Date (the “**Interest**”); provided that, in the event the conversion is consummated before the Maturity Date or the Extended Maturity Date, as the case may be, any accrued interest will be waived and will not be payable.

In the event that Kaixin fails to repay outstanding amounts under the Convertible Loan on the Maturity Date or the Extended Maturity Date, as applicable, the Principal Amount outstanding under the Convertible Loan shall bear default interest, in addition to the Interest, calculated after the Maturity Date or the Extended Maturity Date, at the simple interest rate of twenty percent (20%) per annum, up to the date the Principal Amount of the Convertible Loan and all accrued but unpaid Interest are fully repaid.

(c) Subject to sub-paragraph (d) below and unless the Convertible Loan has otherwise been converted into the CM Seven Star Share Amount pursuant to Clause 4 hereof, Kaixin shall not prepay any part of the Convertible Loan without the prior written consent of the Investor.

(d) If any one or more of the events of default set out in Schedule A hereto (each of them, an “**Event of Default**”) shall occur before either of the Maturity Date or the conversion of the Convertible Loan pursuant to Clause 4 hereof, the Investor may, by written notice to Kaixin:

- (i) declare the Principal Amount and Interest accrued to be immediately due and payable without further demand, notice or other legal formality of any kind; and/or
- (ii) take such action as the Investor reasonably deems appropriate to enforce the Investor’s rights, powers and remedies under this Agreement.

Each of the other parties hereto hereby agrees that CM Seven Star shall have no obligation to repay any amount due under the Convertible Loan, except pursuant to Section 4 hereof. For the avoidance of doubt, the Investor may only look to Kaixin for repayment of the Convertible Loan, except as specified in Section 4 of this Agreement.

4. Conversion

Each of the Parties agrees that, in the absence of any Event of Default (or following the waiver of any Event of Default by Investor) and prior to the Maturity Date, the Convertible Loan will automatically convert upon the consummation of Business Combination at any time prior to May 1, 2019. Within five (5) Business Days of such consummation, CM Seven Star shall issue to the Investor the CM Seven Star Share Amount, as adjusted for any share split, share dividend, share combination or consolidation, recapitalization, reclassification or other similar event in relation to the share capital of CM Seven Star. For the avoidance of doubt, after any conversion pursuant to this Clause 4, all right and title to the amount deposited with Kaixin under the Convertible Loan shall become that of Kaixin as consideration for the CM Seven Star Shares, and Kaixin's obligation to repay any principal amount of and interest on the Convertible Loan shall be considered satisfied.

Upon the completion of the Business Combination, CM Seven Star shall enter into a customary Registration Rights Agreement (the "**Registration Rights Agreement**") with the Investor, pursuant to which CM Seven Star will grant to Investor the right, subject to the terms and conditions of such Registration Rights Agreement, to cause CM Seven Star to prepare and file with the Commission a registration statement with respect to the CM Seven Star Shares underlying the CM Seven Star Units and use its reasonable best efforts to cause such registration statement to become effective. CM Seven Star further confirms that, in connection with a demand registration pursuant to such Registration Rights Agreement, all reasonable fees, costs and expenses of and incidental to such registration, inclusion and public offering in connection therewith shall be borne by CM Seven Star, other than the applicable underwriting discounts and commissions and transfer taxes.

5. Covenants

- (a) Approvals and other actions.
 - (i) Following the date of this Agreement and prior to the Closing Date, Kaixin will use commercially reasonable efforts to obtain, with respect to this Agreement and the transactions contemplated hereby, the approval of its board of directors (if such approval has not already been obtained prior to the date of this Agreement).
 - (ii) Following the date of this Agreement and prior to the Closing Date, CM Seven Star agrees will use commercially reasonable efforts to obtain, with respect to this Agreement and the transactions contemplated hereby, the approval of its board of directors (if such approval has not already been obtained prior to the date of this Agreement).

(iii) Each Party agrees, upon reasonable request from another Party, to furnish the other Party with all information concerning itself, its subsidiaries, affiliates, directors, officers, partners, and shareholders and such other matters as may be reasonably necessary or advisable in connection with any statement, filing, notice, or application made by or on behalf of such other Party or any of its subsidiaries to any Governmental Entity in connection with this Agreement. Notwithstanding anything herein to the contrary, none of the Parties shall be required to furnish the other Party with any (1) sensitive personal biographical or personal financial information of any of the directors, officers, employees, managers or partners of the Investor or any of its affiliates, (2) proprietary and non-public information related to the organizational terms of, or investors in, the it or its affiliates, or (3) any information that it reasonably deems private or confidential, in each case, unless required for the use by another party for compliance with applicable laws or regulations.

(b) Covenants of Kaixin

- (i) After the Closing Date, Kaixin shall cause the proceeds of the Convertible Loan be used for business expansion, capital expenditures, investments or the general working capital of Kaixin or its affiliates and any other purpose approved in writing by the Investor. For avoidance of doubt, without the prior written consent of the Investor, the proceeds of the Loan shall not be used for the repayment of any debts of Kaixin or its affiliates;
- (ii) Kaixin and its affiliates shall, comply in all material respects with applicable laws, rules, regulations and orders, such compliance to include, without limitations, promptly obtaining and maintaining all governmental approvals as are necessary for the operation of its business, and paying all taxes, assessments, and government charges imposed upon it or upon its property;
- (iii) Kaixin and its affiliates shall maintain its corporate existence, licenses and privileges in good standing under and in compliance with all applicable laws and continue to operate the business currently conducted by Kaixin and its affiliates;
- (iv) Kaixin shall as soon as reasonably practicable notify the Investor of the occurrence of any change, cancellation, suspension or termination of Business Combination;
- (v) Kaixin shall as soon as reasonably practicable notify the Investor of the occurrence of any material litigation, arbitration or administrative proceedings relating to the equity interest, assets, or business of Kaixin and its subsidiaries (for the avoidance of doubt, the “subsidiaries” in this Agreement shall include the subsidiaries controlled by Kaixin indirectly);

- (vi) Kaixin shall abide by the provisions of this Agreement and not unreasonably undertake any action/omission that would reasonably be expected to adversely affect the effectiveness and enforceability of this Agreement;
- (vii) Kaixin and its subsidiaries shall not, prior to the completion of the Business Combination, without the prior written consent of the Investor, enter into any merger or consolidation of Kaixin or its subsidiaries with any person, or its acquisition of or investment in any person, other than, for the avoidance of doubt, the Business Combination; and
- (viii) in the event that any governmental registration, filing, approval, consent, or order is necessary for the Investor to be qualified or authorized to acquire the CM Seven Star Shares, Kaixin hereby undertakes, to take all commercially reasonable actions to assist the Investor in obtaining such governmental registration, filing, approval, consent, or order in a timely manner.

(c) Each Party to this Agreement will hold, and will cause its respective subsidiaries and their directors, officers, employees, agents, consultants, and advisors to hold, in strict confidence, unless disclosure to any Governmental Entity is necessary in connection with any necessary regulatory approval or unless compelled to disclose by judicial or administrative process or, in the written opinion of its counsel, by other requirement of law or the applicable requirements of any Governmental Entity, all nonpublic records, books, contracts, instruments, computer data and other data and information (collectively, “**Information**”) concerning the other Parties hereto furnished to it by such other Party/Parties or their representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (1) previously known by such Party on a non-confidential basis, (2) in the public domain through no fault of such Party, or (3) later lawfully acquired from other sources by the Party to which it was furnished), and no Party hereto shall release or disclose such Information to any other person, except its auditors, attorneys, financial advisors, other consultants, and advisors. If a Party is required to disclose any Information to a Governmental Entity in accordance with this Clause 5(c), the disclosing Party shall notify the other Parties prior to making any such disclosure by providing the other Party with the text of the disclosure requirement and draft disclosure at least 24 hours prior to making any such disclosure, and will narrow the draft disclosure to the extent the other Party reasonably requests.

6. Kaixin Representations

Kaixin hereby represents and warrants to the Investor that the following representations and warranties are true and correct as of the date of this Agreement and as of the Closing Date:

- (a) Kaixin is a company duly organized, validly existing and in good standing under the laws of the Cayman Islands, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by Kaixin of this Agreement is within the power of Kaixin and, other than with respect to the actions to be taken if and when equity is to be issued to the Investor, has been duly authorized by all necessary actions on the part of Kaixin. This Agreement constitutes a legal, valid and binding obligation of Kaixin, enforceable against Kaixin in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To the knowledge of Kaixin, it is not in violation of (i) its current memorandum and articles of association, (ii) any material statute, rule or regulation applicable to Kaixin or (iii) any material indenture or contract to which Kaixin is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on Kaixin. The only corporate, governmental or other approvals required for the entry by Kaixin into this Agreement and the consummation by Kaixin of the transactions contemplated hereby are the approval of Kaixin's board of directors.

(c) The performance and consummation of the transactions contemplated by this Agreement do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to Kaixin; (ii) result in the acceleration of any material indenture or contract to which Kaixin is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of Kaixin or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to Kaixin, its business or operations.

(d) No consents or approvals are required in connection with the performance of this Agreement by Kaixin, other than: (i) Kaixin's corporate approvals; (ii) any qualifications or filings under applicable securities laws, if any.

(e) Except as disclosed in the section headed "Kaixin Auto Group's Business—Legal Proceedings" in CM Seven Star's proxy statement on Schedule 14A filed with the Securities Exchange Commission of the United States, as amended from time to time, there is no action or proceeding pending or threatened against Kaixin and its subsidiaries before any court or administrative agency which is likely to result in any material adverse change in the financial condition of Kaixin or the business or financial condition of any of the Kaixin's subsidiaries.

(f) Since the execution of the share exchange agreement among CM Seven Star, Kaixin and Renren Inc. on November 2, 2018, there is no material adverse change in the Business Combination, including but not limited to any breach of the documents in connection with the Business Combination by any party.

(g) The public disclosure during the process of Business Combination, in connection with the on the business, assets (including intangible assets), liabilities, financial condition or otherwise, property, prospects or results of operations of Kaixin or on the ability of Kaixin to perform its obligations under this Agreement, shall be true, complete, correct and not misleading when made and as of the Closing with the same force and effect as if they have been made on and as of such date.

7. CM Seven Star Representations

CM Seven Star hereby represents and warrants to the Investor that the following representations and warranties are true and correct as of the date of this Agreement and as of the Closing Date:

(a) CM Seven Star is a company duly organized, validly existing and in good standing under the laws of the Cayman Islands, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by CM Seven Star of this Agreement is within the power of CM Seven Star and, other than with respect to the actions to be taken if and when equity is to be issued to the Investor, has been duly authorized by all necessary actions on the part of CM Seven Star other than obtaining the approval of CM Seven Star's Board of Directors. This Agreement constitutes a legal, valid and binding obligation of CM Seven Star, enforceable against CM Seven Star in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To the knowledge of CM Seven Star, it is not in violation of (i) its current memorandum and articles of association, (ii) any material statute, rule or regulation applicable to CM Seven Star or (iii) any material indenture or contract to which CM Seven Star is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on CM Seven Star. The only corporate, governmental or other approvals required for the entry by CM Seven Star into this Agreement and the consummation by CM Seven Star of the transactions contemplated hereby are the approval of CM Seven Star's board of directors.

(c) The performance and consummation of the transactions contemplated by this Agreement do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to CM Seven Star; (ii) result in the acceleration of any material indenture or contract to which CM Seven Star is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of CM Seven Star or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to Kaixin, its business or operations.

(d) No consents or approvals are required in connection with the performance of this Agreement by CM Seven Star, other than: (i) CM Seven Star's corporate approvals; (ii) any qualifications or filings under applicable securities laws, if any; and (iii) necessary corporate approvals for the authorization of CM Seven Star Shares issuable pursuant to Clause 4 hereof.

(e) There is no action or proceeding pending or threatened against CM Seven Star and its affiliates before any court or administrative agency which is likely to result in any material adverse change in the financial condition of Kaixin or the business or financial condition of any of the Kaixin's subsidiaries.

(f) Since the execution of the share exchange agreement among CM Seven Star, Kaixin and Renren Inc. on November 2, 2018, there is no material adverse change in the Business Combination, including but not limited to any breach of the documents in connection with the Business Combination by any party.

8. Investor Representations

The Investor hereby represents and warrants to each of Kaixin and CM Seven Star that the following representations and warranties are true and correct as of the date of this Agreement and as of the Closing Date:

- (a) The Investor is a corporation duly organized, validly existing and in good standing under the laws of British Virgin Islands, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.
- (b) The Investor has full legal capacity, power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. There are no Investor's internal approvals required for the entry by the Investor into this Agreement and the consummation by the Investor of the transactions contemplated hereby.
- (c) The Investor is:
 - (i) an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act. The Investor has been advised that this Agreement and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The securities which may be acquired by the Investor hereunder are for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment and is able to bear the economic risk of such investment for an indefinite period of time; and/or
 - (ii) not a "U.S. Person" and is acquiring the securities in an "offshore transaction" (each as defined in Rule 902 of Regulation S). The Investor is not acquiring the Subscription Securities as a result of any directed selling efforts (within the meaning of Regulation S under the Securities Act) for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered in reliance on Regulation S.
- (d) the Investor believes it has received the information it considers necessary or appropriate for deciding whether to enter into this Agreement. The Investor further represents that it has had an opportunity to ask questions and receive answers from the each of Kaixin and CM Seven Star regarding this Agreement and the transactions contemplated hereunder as well as the business, properties, prospects and financial condition of each of Kaixin and CM Seven Star. The foregoing, however, does not limit or modify the representations and warranties of Kaixin and CM Seven Star in Clauses 6 and 7 of this Agreement.

(e) Investor understands that the CM Seven Star Shares that may become issuable pursuant to this Agreement have not been and will not be registered under the Securities Act, by reason of their issuance and allotment in a transaction exempt from the registration requirements of the Securities Act, and that such CM Seven Star Shares, if issued to Investor, will be required to continue to be held by Investor unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration and in each case in accordance with any applicable securities laws of any state of the United States.

9. Miscellaneous

- (a) This Agreement will expire and terminate (without relieving Kaixin, CM Seven Star or the Investor of any obligations arising from a prior breach of or non-compliance with this Agreement) upon the issuance of the CM Seven Star Share Amount, as applicable, to the Investor pursuant to Clause 4 hereof.
- (b) In the event of: (i) any breach or violation of, or inaccuracy or misrepresentation in, any representation or warranty made by Kaixin and CM Seven Star contained herein in any material aspects; or (ii) any breach or violation of any covenant or agreement of Kaixin or CM Seven Star contained herein (each of (i) or (ii), a “**Breach**”), Kaixin and CM Seven Star shall severally indemnify the Investor and its affiliates, limited partners, members, stockholders, employees, agents, representatives, assignees and transferees (each, an “**Indemnitee**”) for any and all losses, liabilities, damages, liens, claims, obligations, penalties, settlements, deficiencies, costs and expenses, including without limitation reasonable advisor’s fees and other reasonable expenses of investigation, defense and resolution of any Breach paid, suffered, sustained or incurred by the Indemnitees resulting from, or arising out of, or due to, directly or indirectly, any Breach.
- (c) Any provision of this Agreement may be amended, waived or modified only upon the written consent of each of the Parties.
- (d) All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given if sent by email and thereafter delivered personally or mailed by internationally recognized overnight courier, postage prepaid, return receipt requested, to the following addresses set forth below or such other address as Kaixin, CM Seven Star and the Investor shall provide to each other Parties in writing:

Kaixin:

Kaixin Auto Group,
5/F, North Wing, 18 Jiuxianqiao Middle Road, Chaoyang District,
Beijing 100016, People's Republic of China, attention: Thomas Jintao Ren,
jintao.ren@renren-inc.com

CM Seven Star:

CM Seven Star Acquisition Corporation
Suite 1306, 13/F. AIA Central, 1 Connaught Road, Central, Hong Kong
Attention: Sing Wang, Anthony Ho and Adrian Cheung
Tel: +852 3796 2750

The Investor:

58.com Holdings Inc.

Building 101, # 10 Jiuxianqiao North Road Jia, Chaoyang District,
Beijing 100015, People's Republic of China, attention: LI Xiaoyang,
lixiaoyang@58.com

(d) The Investor is not entitled, solely by virtue of entry into this agreement, to vote or receive dividends or be deemed the holder of CM Seven Star Shares for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a shareholder of CM Seven Star or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise until shares have been issued upon the terms described herein.

(e) Neither this Agreement nor the rights contained herein may be assigned, by operation of law or otherwise, by any Party without the prior written consent of each of the others.

(f) In the event any one or more of the provisions of this Agreement is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Agreement operate or would prospectively operate to invalidate this Agreement, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this Agreement and the remaining provisions of this Agreement will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(g) All rights and obligations hereunder will be governed by the laws of the State of New York, without regard to the conflicts of law provisions of such jurisdiction.

(h) Waiver. Reference is made to CM Seven Star's final prospectus, dated October 25, 2017 (the "**Prospectus**").

The other parties hereto have read the Prospectus and understand that CM Seven Star has established the trust account described in the Prospectus, initially in an amount of \$180.0 million for the benefit of the public stockholders and the underwriters of CM Seven Star's initial public offering (the "**Underwriters**") and that, except for certain exceptions described in the Prospectus, CM Seven Star may disburse monies from the trust account only: (i) to the public stockholders in the event of the conversion of their shares or the liquidation of CM Seven Star; or (ii) to CM Seven Star and the Underwriters after consummation of a business combination, as described in the Prospectus.

For and in consideration of CM Seven Star agreeing to enter into this Agreement, each of the other parties hereto hereby agrees that it does not have any right, title, interest or claim of any kind in or to any monies in the trust account (the "Claim") and hereby waives any Claim it may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with CM Seven Star and will not seek recourse against the trust account for any reason whatsoever.

IN WITNESS WHEREOF, the undersigned have caused this Convertible Loan Agreement to be duly executed and delivered.

KAIXIN AUTO GROUP


By: /s/ Thomas Ren
Name: Thomas Ren
Title: CFO

**CM SEVEN STAR ACQUISITION
CORPORATION**

By: /s/ Sing Wang
Name: Sing Wang
Title: CEO & Director

IN WITNESS WHEREOF, the undersigned have caused this Convertible Loan Agreement to be duly executed and delivered.

58.COM HOLDINGS INC,

By:  _____
Name: _____
Title: _____

EVENTS OF DEFAULT

Each of the following events shall be an Event of Default:

- (a) Kaixin fails to pay any sum payable under this Agreement when due or otherwise in accordance with the provisions hereof;
- (b) CM Seven Star fails to issue and allot the CM Seven Star Share Amount under this Agreement when due or otherwise in accordance with the provisions hereof;
- (c) Kaixin or CM Seven Star fails to perform or observe or comply with any of its obligations or covenants under this Agreement in any material respect;
- (d) any representation or warranty made or deemed to be made by Kaixin in this Agreement proves to have been incorrect or misleading in any material respect;
- (e) Kaixin is in default under any material indebtedness and such default is not remedied within fifteen (15) Business Days from the day such default occurred;
- (f) a creditor takes possession of all or substantially all of the assets of Kaixin, as the case may be, or any execution or other legal process is enforced against all or substantially all of the assets of Kaixin and such possession or enforcement is not discharged within fifteen (15) Business Days;
- (g) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, reorganization, reconstruction, dissolution or bankruptcy of Kaixin or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of Kaixin which is not stayed or discharged within fifteen (15) Business Days;
- (h) any litigation, arbitration or administrative proceeding is commenced or threatened against any of Kaixin or its subsidiaries such that there is a material adverse impact on the ability of Kaixin to perform its obligations under this Agreement;
- (i) Kaixin stops or suspends payment to its creditors generally or is unable to or admit its inability to pay their debts as they fall due or are declared or become bankrupt or insolvent;
- (j) Kaixin transfers or distributes as a dividend any of the proceeds of the Convertible Loan to any third party without the prior written consent of the Investor; or
- (n) the occurrence of any material change of the assets or capitalization of Kaixin or its subsidiaries before the consummation of the Business Combination.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Chen Ji, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kaixin Auto Holdings;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2018

/s/ Sing Wang
Sing Wang
Chief Executive Officer
(Principal executive officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER**PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas Jintao Ren, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kaixin Auto Holdings;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2019

/s/ Thomas Jintao Ren

Thomas Jintao Ren
Chief Financial Officer
(Principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kaixin Auto Holdings (the "Company") on Form 10-Q for the quarter ended March 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: May 15, 2019

/s/ Chen Ji

Chen Ji

Chief Executive Officer

(Principal executive officer)

Date: May 15, 2019

/s/ Thomas Jintao Ren

Thomas Jintao Ren

Chief Financial Officer

(Principal financial and accounting officer)
