United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K/A

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

April 30, 2019
Date of Report (Date of earliest event reported)

Kaixin Auto Holdings
(Exact Name of Registrant as Specified in its Charter)

Cayman Islands	**333-220510**	**N/A**
(State or other jurisdiction of incorporation)	(Commission File Number)	(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)	(Zip Code)

Registrant's telephone number, including area code: +86 (10) 8448 1818

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☒

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. ☐

INTRODUCTORY NOTE

On April 30, 2019, our predecessor, CM Seven Star Acquisition Corp. ("CM Seven Star") consummated the transactions (the "Business Combination") contemplated by the Share Exchange Agreement (the "Share Exchange Agreement"), dated as of November 2, 2018, by and among CM Seven Star, Kaixin Auto Group ("Kaixin") and Renren Inc. ("Renren"), pursuant to which Kaixin Auto Holdings ("KAH," or "we") acquired 100% of the equity interests of Kaixin from Renren.

With our filing of the Form 10-Q on May 15, 2019, we are concurrently filing this Amendment No. 1 to the Current Report on Form 8-K filed by us on May 6, 2019 (the "**Original Report**") (i) to supplement the disclosure under "Selected Financial Data" to present certain supplementary financial information of Kaixin as of and for the three months ended March 31, 2018 and 2019, (ii) to update the information regarding the beneficial ownership of KAH's ordinary shares, including the treatment of ordinary shares held in escrow pursuant to the Share Exchange Agreement, (iii) to supplement the disclosure in Item 1.01 to include additional material definitive agreements entered into by us, (iv) to supplement the disclosure in Item 2.02 to present certain supplementary financial information and discussion of Kaixin as of and for the three months ended March 31, 2018 and 2019 and (v) to re-file as Exhibit 3.1 the Second Amended and Restated Articles of Association. Except as updated to include the information below, no other changes are being made to the Original Report.

Item 1.01. Entry into Material Definitive Agreement.

On April 25, 2019, Kaixin, KAH and 58.com Holdings Inc. ("58.com Holdings") entered into a convertible loan agreement pursuant to which 58.com Holdings has 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 Business Combination, the loan was converted into 100,000 ordinary shares.

On April 30, 2019, KAH, Kaixin, Renren and Shareholder Value Fund 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 US$1.6 million to KAH within two weeks after the closing of the Business Combination, (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.

The information set forth in Item 1.01 of the Original Report is incorporated by reference as if fully set forth herein.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information set forth in Item 2.01 of the Original Report is incorporated by reference as if fully set forth herein.

FORM 10 INFORMATION

Pursuant to Item 2.01(f) of Form 8-K, if the registrant was a shell company, as KAH was immediately before the Business Combination, then the registrant must disclose the information that would be required if the registrant were filing registration statement on Form 10. Therefore, KAH is providing below the information that would be included in a Form 10 if it were to file a Form 10. Please note that the information provided below relates to the combined company after KAH's acquisition of Kaixin pursuant to the Business Combination, unless otherwise specifically indicated or the context otherwise requires.

Business

The information set forth in the Original Report is incorporated herein by reference.

Risk Factors

The information set forth in the Original Report is incorporated herein by reference.

Financial Information

Reference is made to the disclosure set forth in Section 9.01 of this Amendment No. 1 to the Current Report on Form 8-K.

SELECTED FINANCIAL DATA

The following table contains summary historical financial and other data for Kaixin as of and for the years ended December 31, 2016, 2017 and 2018 derived from Kaixin's audited consolidated financial statements for such periods and contains summary historical financial and other data for Kaixin as of and for the three months ended March 31, 2018 and 2019 derived from Kaixin's unaudited condensed consolidated financial statements for such periods. Kaixin's consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

Kaixin's historical results are not necessarily indicative of results to be expected for any future period for KAH. The information below is only a summary and should be read in conjunction with the information contained under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Kaixin's audited financial statements and the related notes included elsewhere in the Original Report and in the Proxy Statement and Kaixin's unaudited financial statements and the related notes included elsewhere in this Amendment No.1 to the Current Report on Form 8-K.

Summary Consolidated Statements of Operations Data

	Years ended December 31,			Three months ended March 31,	
	2016	2017	2018	2018	2019
	US$	US$	US$ (in thousands)	US$	US$
Net revenues:					
Automobile sales	$ —	$ 88,227	$ 420,005	$ 92,856	$ 102,620
Financing income	20,778	26,426	2,317	2,123	—
Others	68	1,933	9,082	2,352	2,026
Total net revenues	20,846	116,586	431,404	97,331	104,646
Cost of revenues:					
Automobile sales	—	85,050	399,274	88,277	98,472
Cost of financing income	10,874	15,259	3,327	2,178	—
Provision for financing receivable	3,165	12,717	10,941	—	—
Others	32	32	429	53	57
Total cost of revenues	14,071	113,058	413,971	90,508	98,529
Gross profit	6,775	3,528	17,433	6,823	6,117
Operating expenses:					
Selling and marketing	7,999	10,698	24,077	6,767	4,359
Research and development	2,374	3,982	4,419	1,152	974
General and administrative	10,367	14,971	23,012	10,129	2,817
Total operating expenses	20,740	29,651	51,508	18,048	8,150
Loss from operations	(13,965)	(26,123)	(34,075)	(11,225)	(2,033)
Other (expenses) income	(339)	387	(812)	215	1,102
Fair value change of contingent consideration	—	(1,480)	(49,503)	(7,139)	(17,733)
Interest income	64	902	575	339	43
Interest expenses	(58)	(3,068)	(4,261)	(1,129)	(630)
Loss before provision of income tax and noncontrolling interest, net of tax	(14,298)	(29,382)	(88,076)	(18,939)	(19,251)
Income tax expenses	(1,690)	(1,158)	(862)	(876)	(365)
Loss from continuing operations	$ (15,988)	$ (30,540)	$ (88,938)	$ (19,815)	$ (19,616)
Discontinued operations:					
(Loss) income from discontinued operations, net of taxes of $nil, $nil and $nil for the years ended December 31, 2016, 2017 and 2018, and for the three months periods ended March 31, 2018 and 2019	(8,066)	1,845	(594)	(1,279)	—
Net loss	(24,054)	(28,695)	(89,532)	(21,094)	(19,616)
Net loss attributable to the noncontrolling interest	—	(76)	(317)	(20)	(108)
Net loss from continuing operations attributable to Kaixin Auto Group	(15,988)	(30,464)	(88,621)	(19,795)	(19,508)
Net (loss) income from discontinued operations attributable to Kaixin Auto Group	(8,066)	1,845	(594)	(1,279)	—
Net loss attributable to Kaixin Auto Group	$ (24,054)	$ (28,619)	$ (89,215)	$ (21,074)	$ (19,508)

Summary Consolidated Balance Sheet Data

	As of December 31,			As of March 31,
	2016	2017	2018	2019
	US$	US$	US$	US$
		(in thousands)		
Cash and cash equivalents	34,697	17,061	7,950	4,005
Restricted cash	288	47,253	5,818	5,960
Financing receivable	292,006	125,353	3,486	3,259
Inventory	—	78,701	57,950	45,488
Total current assets	349,343	318,303	115,398	107,063
Long-term financing receivable	54	8	—	—
Goodwill	—	64,222	75,021	76,858
Total non-current assets	163	91,792	75,834	82,673
Total assets	349,506	410,095	191,232	189,736
Total current liabilities	311,237	320,149	167,211	165,581
Total non-current liabilities	59,916	88,515	93,741	114,749
Total Liabilities	371,153	408,664	260,952	280,330
Total Kaixin Auto Group shareholders’ deficit	(21,647)	(33,222)	(102,126)	(121,658)
Total (deficit) equity	(21,647)	1,431	(69,720)	(90,594)
Total liabilities and deficit	349,506	410,095	191,232	189,736

Non-GAAP Measure

In evaluating its business, Kaixin considers and uses the following non-GAAP measures as supplemental measures to review and assess its operating performance:

	Years ended December 31,			Three months ended March 31,	
	2016	2017	2018	2018	2019
	US$	US$	US$	US$	US$
			(in thousands)		
Other Consolidated Financial Data:					
Adjusted EBITDA(1)	(18,612)	(19,347)	(23,884)	(4,860)	(232)

(1) Adjusted EBITDA represents net loss *plus* contingent consideration fair value change, share-based compensation expense, interest (income) expenses, income tax expenses, and depreciation.

Kaixin uses Adjusted EBITDA, which is a non-GAAP financial measure in the evaluation of its operating results and in its financial and operational decision-making. Adjusted EBITDA represents net loss plus fair value change of contingent consideration, share-based compensation expense, interest (income) expense, income tax, and depreciation. Kaixin believes that Adjusted EBITDA helps it to identify underlying trends in its business that could otherwise be distorted by the effect of certain expenses and income that it includes in net loss. Kaixin believes that Adjusted EBITDA provides useful information about its operating results, enhances the overall understanding of its past performance and future prospects and allows for greater visibility with respect to key metrics used by Kaixin's management in its financial and operational decision-making.

Adjusted EBITDA should not be considered in isolation or construed as an alternative to net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review the historical non-GAAP financial measure to the most directly comparable GAAP measure. Adjusted EBITDA presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to Kaixin's data. Investors and others are encouraged to review Kaixin's financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of our net loss to Adjusted EBITDA for the periods indicated:

	Years ended December 31,			**Three months ended March 31,**	
	2016	**2017**	**2018**	**2018**	**2019**
	US$	**US$**	**US$**	**US$**	**US$**
			(in thousands)		
Net loss	(24,054)	(28,695)	(89,532)	(21,094)	(19,616)
Add:					
Fair value change of contingent consideration	—	1,480	49,503	7,139	17,733
Share-based compensation expense	3,707	4,502	11,436	7,416	635
Interest (income) expenses	(6)	2,166	3,686	790	587
Income tax expenses	1,690	1,158	862	876	365
Depreciation	51	42	161	13	64
Adjusted EBITDA	(18,612)	(19,347)	(23,884)	(4,860)	(232)

Employees

The information set forth in the Original Report is incorporated herein by reference.

Properties

The information set forth in the Original Report is incorporated herein by reference.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of KAH's ordinary shares as of May 15, 2019:

- each person known to KAH who is the beneficial owner of more than 5% of any class of its ordinary shares;

- each of its officers and directors; and
- all of its officers and directors as a group.

Unless otherwise indicated, KAH believes that all persons named in the table will have sole voting and investment power with respect to all KAH securities beneficially owned by them.

Beneficial ownership is determined in accordance with SEC rules and includes voting or investment power with respect to securities. Except as indicated by the footnotes below, KAH believes, based on the information furnished to it, that the persons and entities named in the table below will have sole voting and investment power with respect to all ordinary shares that they beneficially own, subject to applicable community property laws. All KAH ordinary shares subject to options or warrants exercisable within 60 days of the consummation of the Business Combination are deemed to be outstanding and beneficially owned by the persons holding those options or warrants for the purpose of computing the number of shares beneficially owned and the percentage ownership of that person. They are not, however, deemed to be outstanding and beneficially owned for the purpose of computing the percentage ownership of any other person.

Subject to the paragraph above, percentage ownership of outstanding shares is based on 61,352,859 KAH ordinary shares outstanding as of May 15, 2019, which amount includes 22,800,000 ordinary shares held in escrow pursuant to the Share Exchange Agreement

Name and Address of Beneficial Owner[1]	**Amount and Nature of Beneficial Ownership of Ordinary Shares**	**Approximate Percentage of Outstanding Ordinary Shares**
Chen Ji[2]	365,413	*
Thomas Jintao Ren[3]	94,398	*
Jun Ma[4]	23,575	*
Jinfeng Xie[5]	248,847	*
Xiaoguang Li[6]	22,003	*
Suli Cui[7]	60,902	*
Lin Zhu[8]	5,501	*
Joseph Chen[9]	1,113,353	1.81%
James Jian Liu[10]	1,060,875	1.73 %
Tianruo Pu[11]	9,430	*
Lin Cong[12]	9,430	*
Sing Wang[13]	57,181	*
Shareholder Value Fund[14]	5,199,571	8.47%
Renren, Inc.[15]	47,784,300	77.88%
All directors and officers as a group (12 individuals)	3,070,908	4.94%

* Less than 1%

(1) Unless otherwise indicated, the business address of each of the individuals is c/o Kaixin Auto Holdings, 5F, North Wing, 18 Jiuxianqiao Middle Road, Beijing, 100016, People's Republic of China.

(2) Consists of 100 restricted shares and 365,313 options to purchase ordinary shares granted under the company's equity incentive plan.

(3) Consists of options to purchase ordinary shares granted under the company's equity incentive plan which are held by Sky Creation World Corporation, a British Virgin Islands company. Mr. Ren owns all of the outstanding interests in Sky Creation World Corporation, and has voting and dispositive power over the shares held by it. The address of Sky Creation World Corporation is Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416, Road Town, Tortola, British Virgin Islands.

(4) Consists of 100 restricted shares and 23,475 options to purchase ordinary shares granted under the company's equity incentive plan.

(5) Consists of 100 restricted shares and 248,747 options to purchase ordinary shares granted under the company's equity incentive plan.
(6) Consists of 100 restricted shares and 21,903 options to purchase ordinary shares granted under the company's equity incentive plan.
(7) Consists of 100 restricted shares and 60,802 options to purchase ordinary shares granted under the company's equity incentive plan.
(8) Consists of 100 restricted shares and 5,401 options to purchase ordinary shares granted under the company's equity incentive plan.
(9) Consists of restricted shares granted under the company's equity incentive plan.
(10) Consists of restricted shares granted under the company's equity incentive plan which are held by Hawk Investment Group Limited, a British Virgin Islands company. Mr. Liu owns all of the outstanding interests in Hawk Investment Group Limited, and has voting and dispositive power over the shares held by it. The address of Hawk Investment Group Limited is Coastal Building, Wickham's Cay II, P. O. Box 2221, Road Town, Tortola, British Virgin Islands.
(11) Consists of restricted shares granted under the company's equity incentive plan.
(12) Consists of restricted shares granted under the company's equity incentive plan.
(13) Consists of 9,430 restricted shares granted under the company's equity incentive plan and 47,751 ordinary shares.
(14) Consists of ordinary shares.
(15) Consists of 24,984,300 ordinary shares held by Renren, 3,300,000 ordinary shares held in escrow pursuant to certain indemnification conditions under the Share Exchange Agreement and 19,500,000 ordinary shares held in escrow pursuant to certain earn-out conditions under the Share Exchange Agreement, with respect to which Renren has voting rights. The address of Renren is 5F, North Wing, 18 Jiuxianqiao Middle Road, Beijing, 100016, People's Republic of China. Renren is a reporting company under the Exchange Act which is listed on the New York Stock Exchange.

Directors and Executive Officers

The information set forth in the Original Report is incorporated herein by reference.

Executive Compensation

The information set forth in the Original Report is incorporated herein by reference.

Certain Relationships and Related Party Transactions

The information set forth in the Original Report is incorporated herein by reference.

Legal Proceedings

The information set forth in the Original Report is incorporated herein by reference.

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

The information set forth in the Original Report is incorporated herein by reference.

Description of Registrant's Securities

The information set forth in the Original Report is incorporated herein by reference.

Recent Sales of Unregistered Securities

The information set forth in the Original Report is incorporated herein by reference.

Indemnification of Directors and Officers

The information set forth in the Original Report is incorporated herein by reference.

Item 2.02. Results of Operations and Financial Condition.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2016, 2017 and 2018 and for the three months ended March 31, 2018 and 2019 is set forth below. Additionally, certain annual and quarterly financial information regarding Kaixin was included in the Proxy Statement in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations of Kaixin Auto Group" beginning on page 194, which is incorporated herein by reference.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

Recent Developments

On May 23, 2018, Shareholder Value Fund ("SVF") loaned to CM Seven Star Acquisition Corporation ("CM Seven Star"), the predecessor to Kaixin Auto Holdings ("KAH"), $500,000 pursuant to a non-interest bearing promissory note, with the principal to be repaid promptly after a business combination. In the event that CM Seven Star is unable to consummate a business combination, the balance of such note will be forgiven and SVF will not be entitled to any payment thereunder. On January 24, 2019, CM Seven Star issued an unsecured non-interest bearing promissory note in the aggregate principal amount of up to $1,100,000 to SVF to pay for professional services fees related to a business combination. The principal amount of the promissory note has been fully drawn down on January 24, 2019 and matured upon the closing of the Business Combination. KAH is in the process of renegotiating the payment terms of the notes.

On January 24, 2019, SVF and Renren Inc. ("Renren") extended the time available to complete a business combination to April 30, 2019 by depositing $1,013,629 and $1,050,000 respectively, into the CM Seven Star's trust account. CM Seven Star issued unsecured promissory notes in the aggregate principal amount of $2,063,629 to SVF and Kaixin in exchange for those entities depositing such amount into CM Seven Star's trust account. The notes do not bear interest and mature upon closing of a business combination by CM Seven Star. In addition, the notes may be converted by the holder into units of CM Seven Star (identical to the units issued in CM Seven Star's initial public offering) at a price of $10.00 per unit. KAH is in the process of renegotiating the payment terms of the notes.

On April 30, 2019, KAH consummated the transactions contemplated by the Share Exchange Agreement, pursuant to which KAH acquired 100% of the equity interests of Kaixin from Renren.

On April 30, 2019, KAH executed an agreement (the "Waiver Agreement") with SVF 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 Transactions, (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.

Upon the closing of the Transactions, KAH 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 were reserved for issuance under an equity incentive plan in exchange for outstanding options in Kaixin, which were cancelled upon the closing of the Transactions. Additionally, 19.5 million earnout shares are to be issued and held in escrow. Renren may be entitled to receive earnout shares as follows: (1) if KAH's gross revenue for the year ended December 31, 2019 is greater than or equal to RMB 5,000,000,000, Renren is entitled to receive 1,950,000 ordinary shares of KAH; (2) if KAH's adjusted EBITDA for the year ended December 31, 2019 is greater than or equal to RMB 150,000,000, Renren is entitled to receive 3,900,000 ordinary shares of KAH, increasing proportionally to 7,800,000 ordinary shares if KAH's adjusted EBITDA is greater than or equal to RMB 200,000,000; and (3) if KAH's adjusted EBITDA for the year ended December 31, 2020 is greater than or equal to RMB 340,000,000, Renren is entitled to receive 4,875,000 ordinary shares of KAH, increasing proportionally to 9,750,000 ordinary shares if KAH's adjusted EBITDA is greater than or equal to RMB 480,000,000.

Notwithstanding the Revenue and Adjusted EBITDA achieved by the post-transaction company for any period, Renren will receive the 2019 earnout shares if the share price of KAH is higher than $13.00 for any sixty days in any period of ninety consecutive trading days during an fifteen month period following the closing, and will receive the 2019 earnout shares and the 2020 earnout shares if the share price of KAH 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.

Overview

Kaixin is the largest premium used auto dealership group in China in terms of the number of cities and locations of its Dealerships, and the second largest based on revenues in 2017, according to iResearch. As of March 31, 2019, Kaixin had 14 Dealerships covering 14 cities in 12 provinces in China. On average, Kaixin's Dealership operators have over ten years of experience in the used car industry. Kaixin provides used car buyers in China with access to a wide selection of used vehicles across its network of Dealerships, with a focus on premium brands, such as Audi, BMW, Mercedes-Benz, Land Rover and Porsche. In addition to its auto sales, for the convenience of its customers, Kaixin also provides financing channels to its customers and other in-network dealers through its partnership with several financial institutions, including Ping An Bank, Shanghai Branch. Furthermore, beginning in the third quarter of 2017, Kaixin started to offer value-added services to its customers, including insurance, extended warranties and after-sales services.

From the launch of its first Dealership market in mid-2017 to March 31, 2019, Kaixin sourced, reconditioned, marketed and sold approximately 10,560 used vehicles to customers across China. Kaixin's sales have grown as it has increased its penetration in existing markets, expanded its network into new markets and built its brand awareness.

Basis of Presentation

Kaixin's financial data presented herein as of December 31, 2017 and 2018 and for the years ended December 31, 2016, 2017 and 2018 have been derived from its audited consolidated financial statements, which were prepared in accordance with U.S. GAAP, and should be read in conjunction with those statements which are included elsewhere in the Original Report.

Kaixin's financial data presented herein as of March 31, 2018 and 2019 and for the three months ended March 31, 2018 and 2019 have been derived from its unaudited condensed consolidated financial statements, which were prepared in accordance with U.S. GAAP, and should be read in conjunction with those statements which are included elsewhere in this Amendment No. 1 to the Current Report on Form 8-K.

Key Factors Affecting Kaixin's Results of Operations

Kaixin believes that its results of operations are significantly affected by the following key factors.

Demand for Premium Passenger Vehicles in China

Kaixin generates the substantial majority of its revenues from the sales of premium passenger vehicles and the market demand for such passenger vehicles in China directly affects its revenues. Demand for premium passenger vehicles is affected by a variety of factors, including:

- macro-economic conditions in China, level of urbanization and household income;
- continued increase in the number of affluent individuals and consumer sentiment toward premium automobiles;
- continued improvement of road networks and infrastructure; and
- PRC laws and regulations with regard to passenger vehicles.

Overall, according to iResearch, the Chinese premium automobile market has experienced significant growth in recent years. According to iResearch, the Chinese automotive industry generated approximately RMB3.4 trillion (US$488.5 billion) in sales in 2017, with used car sales accounting for approximately RMB0.6 trillion (US$86.2 billion). These figures are expected to grow to RMB4.2 trillion (US$603.2 billion) and RMB1.6 trillion (US$229.8 billion) in 2022, respectively. Among used car sales, premium used car sales value is expected to grow rapidly at a CAGR of 23.2% from RMB206.3 billion in 2017 to RMB585.3 billion in 2022, as compared with low-end used car value, which is expected to grow at a CAGR of 15.5% from RMB237.1 billion in 2017 to RMB487.0 billion in 2022, according to iResearch.

Integration of Kaixin's Dealerships

Kaixin began to acquire majority control of used car dealers across China in the second half of 2017. Kaixin relies on its Dealerships to conduct significant aspects of its business. As of March 31, 2019, Kaixin had 14 Dealerships. Kaixin's Dealerships and their employees directly interact with consumers, other dealerships and other platform participants, and their performance directly impacts Kaixin's results of operations and financial condition. In addition, expansion of Kaixin's network of Dealerships may affect Kaixin's results of operations in the form of startup costs, acquisitions of new Dealership assets or capital injections.

Customer Engagement and Branding

Kaixin engages car buyers primarily through its network of Dealerships, its website and mobile apps, and advertising on third-party platforms. Kaixin's ability to expand its customer base depends on the scale and performance of the Dealerships as well as its ability to expand the Dealership network. Kaixin also collaborates with leading online automotive advertising platforms to tap into their large user base. Kaixin's success in such collaborations will affect its ability to broaden its prospective car buyer base through online channels in a cost-efficient manner.

Kaixin's growth depends on its ability to strengthen its brand through word of mouth and advertising. The goal of these endeavors is to increase the number of visitors to Kaixin's website, mobile apps and retail premises operated by Kaixin's Dealerships ("Dealership Outlets") and increase the likelihood that visitors will purchase vehicles from Kaixin. In addition, Kaixin's performance will be enhanced by providing a superior customer experience, which drives its ability to generate customer referrals and repeat sales.

Competitive Landscape

Kaixin's operational model, which combines both online and offline channels to create a combination that it believes is superior to either online-only or offline-only channels, differentiates Kaixin from its competitors. Kaixin's ability to strengthen its market position as a leading premium used auto dealership group and continue to meet the needs of its customers will continue to affect its results of operations.

Kaixin's business is also subject to trends specific to its industry, including customer demand and the competitive landscape. The used car industry in China is highly fragmented, according to iResearch, and Kaixin sees a trend toward consolidation that will take hold in the future. In addition, Kaixin believes there are trends toward online technologies and growth of consumer auto financing in China. Competition affects not only Kaixin's day-to-day performance in terms of its ability to acquire customers and automobile inventory, but also its ability to adapt to these trends.

Service Offerings and Pricing

Kaixin provides a variety of services to meet the needs of its customers. Kaixin plans to continue to expand and enhance its service offerings. For instance, Kaixin continues to expand its value-added service offerings and may in the future directly offer financing services to customers. Growth in Kaixin's revenues and profitability also depends on its abilities to effectively price its solutions and services and monetize new business opportunities.

Each of Kaixin's service offerings may have different sources of revenues, cost structures and customer bases and may face different market conditions and pricing pressures. Therefore, the ability to adjust Kaixin's service offerings and pricing to adapt to changing market conditions may impact its results of operations.

Kaixin's consolidated results of operations may also be affected by the timing of the launch of new service offerings. Kaixin may incur start-up costs in the early stages. A certain amount of time may be needed until a new business operation matures or generates significant revenues or net income, and Kaixin may not have pricing power until much later after launch. The timing and trend in growth in Kaixin's revenues and profitability of new services may vary over time. Kaixin's ability to cross-sell various service offerings to existing and new customers will also affect its results of operations.

Technology

As a used car retailer with strong online and offline presence, Kaixin has made investments in developing its proprietary technology, including its customer mobile apps and website and its Dealer SaaS system, and Kaixin believes the continued enhancement of its technology platforms and integration of technology into its operations is important to its future success. From Kaixin's Renren parentage which gives it credibility, reputation and expertise, Kaixin believes it is well positioned to drive the implementation of new technologies in its industry to supplement its offline leadership.

Strategic Expansion and Acquisitions

Starting in the second half of 2017, Kaixin started to acquire used car dealers and had acquired 15 used car Dealerships across China and disposed of one, the Ji-nan Dealership. In 2018, Kaixin acquired two after-sales service centers. In connection with the Business Combination, Kaixin transferred its Ji'nan Dealership, which is primarily engaged in new car sales, to an affiliate of Renren, along with related assets. Kaixin intends to continue to expand its network of Dealerships to cover substantially all of Mainland China and also plan to acquire additional after-sales service centers. Kaixin may also selectively pursue acquisitions, investments, joint ventures and partnerships that it believes are strategic and complementary to its operations and technology. These acquisitions, investments, joint ventures and partnerships may affect Kaixin's results of operations.

Financing and Access to Capital

Kaixin has historically funded its operations and expansion with support from Renren, the issuance of ABSs and term loans. Kaixin and KAH had entered into two convertible loans in January 2019 and April 2019, respectively, pursuant to which Kaixin received $20.0 million and $1.0 million, respectively. These loans have since been converted into share units and shares of KAH. In addition, KAH had entered into a share subscription agreement in January 2019 with one accredited investor to sell 750,000 of its share units at a price of $10.00 per unit, which has since closed with the closing of the Transaction. KAH it believes that the future growth and expansion of its business will involve additional debt and/or equity financing. The availability of financing, and the terms on which it is available, are expected to affect KAH's future results of operations.

On April 30, 2019, Renren waived all the outstanding loans made to Kaixin and Kaixin's subsidiaries without recourse by Renren or any of Renren's subsidiaries, including the current liabilities of Kaixin's amount due to Renren.

Components of Results of Operations

Total Net Revenues

Kaixin's revenues are derived from automobile sales and others, and historically, also from financing income. The following table sets forth the breakdown of Kaixin's total net revenues, both in absolute amount and as a percentage of its total net revenues for the periods presented:

	Year Ended December 31,						Three months ended March 31,			
	2016		2017		2018		2018		2019	
	U.S.$	%	U.S.$	%	U.S.$	%	U.S.$	%	U.S.$	%
	(in thousands, except for percentages)									
Net revenues:										
Automobile sales	—	—	88,227	75.7	420,005	97.4	92,856	95.4	102,620	98.1
Used car financing	20,778	99.7	26,426	22.7	2,317	0.5	2,123	2.2	—	—
Others	68	0.3	1,933	1.6	9,082	2.1	2,352	2.4	2,026	1.9
Total net revenues	**20,846**	**100.0**	**116,586**	**100.0**	**431,404**	**100.0**	**97,331**	**100.0**	**104,646**	**100.0**

Automobile Sales

The substantial majority of Kaixin's automobile sales revenues are generated from the sale of used cars to customers completed through its Dealerships, with a smaller portion of its revenues generated from sales of new cars. In the three months ended March 31, 2018 and 2019, respectively, Kaixin generated revenues of US$91.7 million and US$102.4 million from used car sales and revenues of US$1.2 million and US$0.2 million from new car sales.

Kaixin's automobile sales revenues are primarily driven by the number of automobiles sold, the volume of internet traffic on its mobile apps and website, its inventory selection, the effectiveness of its branding and marketing efforts, the quality of its customer services, its pricing and competition in its industry. Kaixin expects its automobile sales revenues to increase along with the growth of its automobile sales business and Dealership network.

Financing Income

Historically, Kaixin generated revenues from its floor financing business primarily through floor financing provided to used car dealers. Kaixin records financing income and service fees related to those services over the life of the underlying financing using the effective interest method on unpaid principal amounts. The service fees collected upfront, as well as the direct origination costs for the financing, are deferred and recognized as financing income as an adjustment to the yield on a straight line basis over the life of the portfolio financing.

Historically, Kaixin provided short-term floor financing services to used car dealers to fund the car dealers' cash needs for purchases of used cars. Kaixin's floor financing period is no more than six months and is secured by a pledge of the dealers' used cars with total value exceeding the principal of the financing. Kaixin charges an upfront service fee, as well as collect financing income on a monthly basis. During 2017, Kaixin provided these services to third-party used car dealers in addition to its Dealerships and afterwards only extended new floor financing to its Dealerships, such that the intracompany loans and principal and interest payments are consolidated in its financial statements, while Kaixin pays interest at a group level to lenders when the funds involved in the loan are obtained from a third-party financing partner.

Kaixin did not have any financing income for the three months ended March 31, 2019, and does not expect to have any financing income related to its floor financing business in the near future.

Others

Other revenues consist of fees paid to Kaixin by insurance companies and financial institutions for facilitation services provided for assisting customers to obtain related financing and insurance for their car purchases. Kaixin expects its other revenues to increase along with the growth of these service offerings.

In addition to revenues directly generated from the sales of used cars, Kaixin also collects fees for agency services in connection with the used car sales pursuant to profit-sharing terms in its arrangements with other used car dealers and Kaixin Affiliated Network Dealers. Kaixin has historically recognized limited other revenues from consignment sale arrangements with other used car dealers. Revenues in connection with used car sales pursuant to arrangements with Kaixin Affiliated Network Dealers were nil during the three months ended March 31, 2018 and were US$0.3 million during the three months ended March 31, 2019.

For a detailed discussion of how revenues are recognized in Kaixin's financial statements, see "— Critical Accounting Policies, Judgments and Estimates — Revenue Recognition."

Cost of Revenues

Cost of revenues consists of costs directly related to automobile sales, costs incurred related to financing operations and others. The following table sets forth the breakdown of Kaixin's cost of revenues, both in absolute amount and as a percentage of its total net revenues, for the periods presented:

	Year Ended December 31,						**Three months ended March 31,**			
	2016		**2017**		**2018**		**2018**		**2019**	
	U.S.$	**%**	**U.S.$**	**%**	**U.S.$**	**%**	**U.S.$**	**%**	**U.S.$**	**%**
	(in thousands, except for percentages)									
Cost of revenues:										
Automobile sales	—	—	85,050	75.2	399,274	96.4	88,277	97.5	98,472	100.0
Cost of financing income	10,874	77.3	15,259	13.5	3,327	0.8	2,178	2.5	—	—
Provision for financing receivable	3,165	22.5	12,717	11.3	10,941	2.7	—	—	—	—
Others	32	0.2	32	0.0	429	0.1	53	0.0	57	0.0
Total	**14,071**	**100.0**	**113,058**	**100.0**	**413,971**	**100.0**	**90,508**	**100.0**	**98,529**	**100.0**

Automobile Sales

Cost of revenues for automobile sales consists of costs directly related to automobile sales, including inventory acquisition, inspection and reconditioning. Kaixin expects its cost of revenues for automobile sales to increase in line with the growth of its automobile sales business.

Cost of Financing Income

Cost of revenues for Kaixin's floor finance business primarily includes interest expenses paid to investors, and interest paid on ABSs. Funds for Kaixin's floor finance business were historically provided by its issuance of ABSs collateralized by credit financing, and by other peer-to-peer platforms.

Provision for Financing Receivable

Provisions for financing receivables losses are also recognized as cost of revenues of Kaixin's floor financing business. Kaixin accrues provisions for financing receivables when it believes the future collection of principal is unlikely, based on the creditworthiness of customers, aging of the outstanding receivable and other circumstances.

Others

Other cost of revenues primarily includes costs of broadband network services. Kaixin expects its other cost of revenues to increase in line with the expansion of its after-sales services.

Operating Expenses

Kaixin's operating expenses consist of general and administrative expenses, selling and marketing expenses and research and development expenses. The following table sets forth Kaixin's operating expenses for continuing operations, both as absolute amounts and as percentages of its total net revenues for the periods indicated.

	Year Ended December 31,						Three months ended March 31,			
	2016		2017		2018		2018		2019	
	U.S.$	%	U.S.$	%	U.S.$	%	U.S.$	%	U.S.$	%
	(in thousands, except for percentages)									
Operating expenses:										
General and administrative	10,367	50.0	14,971	50.5	23,012	44.7	10,129	56.1	2,817	35.0
Selling and marketing	7,999	38.6	10,698	36.1	24,077	46.7	6,767	37.5	4,359	53.1
Research and development	2,374	11.4	3,982	13.4	4,419	8.6	1,152	6.4	974	11.9
Total operating expenses	**20,740**	**100.0**	**29,651**	**100.0**	**51,508**	**100.0**	**18,048**	**100.0**	**8,150**	**100.0**

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and benefits for Kaixin's general and administrative personnel and fees and expenses for third-party professional services. Kaixin's general and administrative expenses may increase in the future on an absolute basis as its business grows.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of salaries, benefits and commissions for Kaixin's selling and marketing personnel and advertising and promotion expenses. Kaixin's selling and marketing expenses may increase in the near term if it increases its promotion expenses for the Kaixin Auto brand or other services.

Research and Development Expenses

Research and development expenses consist primarily of salaries and benefits for Kaixin's research and development personnel. Kaixin's research and development expenses may increase in the near term on an absolute basis as it intends to hire additional research and development personnel to develop new features for its various services and further improve its technology infrastructure.

Share-Based Compensation

Kaixin's share-based compensation arises from share-based awards, including restricted share units and share options for the purchase of ordinary shares granted to employees and certain members of Renren's management who provide services to Kaixin. In 2018 and the three months ended March 31, 2019, Kaixin recognized share-based compensation expense of US$2.4 million and US$0.1 million, respectively, reflecting expenses of Renren in respect of share-based compensation related to Kaixin's management and employees.

On January 31, 2018, Kaixin adopted a stock incentive plan, whereby 40,000,000 ordinary shares of Kaixin Auto Group were made available for future grants for employees or consultants of Kaixin either in the form of share options or restricted shares. The plan was amended and restated in May 2018 to include up to 140,000,000 ordinary shares being made available for granting as awards. For employee stock options, Kaixin recorded share-based compensation of $9.0 million and $0.5 million for 2018 and the three months ended March 31, 2019, respectively. On April 30, 2019, all the options granted under the Kaixin Auto Group 2018 Plan were cancelled and replaced by the awards under KAH upon consummation of the Business Combination.

Additionally, Kaixin is required to classify share options granted to its employees, directors and consultants as equity awards and recognize share-based compensation expense based on the fair value of such share options, with the share-based compensation expense recognized over the period in which the recipient is required to provide service in exchange for the equity award. All of Kaixin's options to purchase its ordinary shares were granted after December 31, 2017.

Taxation

Cayman Islands

Kaixin is an exempted company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, Kaixin is not subject to tax based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. In addition, upon payment of dividends by Kaixin to its shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

Kaixin's subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax. With effect from April 1 2018, a two-tiered profits tax rates regime applies. The profits tax rate for the first HKD 2 million of corporate profits is 8.25%, while the standard profits tax rate of 16.5% remains for profits exceeding HKD 2 million. No Hong Kong profit tax has been levied as Kaixin did not have assessable profit that was earned in or derived from the Hong Kong subsidiary during the periods presented. Hong Kong does not impose a withholding tax on dividends.

China

Generally, Kaixin's subsidiaries and consolidated variable interest entities in China are subject to enterprise income tax on their taxable income in China at a rate of 25%. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards.

Kaixin is subject to value-added tax ("VAT"), at a rate of 6% on the services it provides to customers, less any deductible VAT it has already paid or borne. Kaixin is subject to VAT at a rate of 17% on the sales of new automobiles. Kaixin is also subject to surcharges on VAT payments in accordance with PRC law.

Dividends paid by Kaixin's wholly foreign-owned subsidiary in China to its intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital in which case the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%.

If Kaixin's holding company in the Cayman Islands or any of Kaixin's subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%.

Discontinued Operations

In May 2016, Kaixin terminated its Renren Fenqi business, a financial platform providing credit financing to college students in China for making purchases on e-commerce platforms on an installment payment basis. Renren Fenqi was further transferred back to Renren in December 2017. Such disposal affected Kaixin's results of operations and was considered discontinued operations. Accordingly, assets, liabilities, revenue and expenses as well as cash flow related to the Renren Fenqi business have been reclassified in Kaixin's accompanying consolidated financial statements as discontinued operations for all periods presented.

In December 2018, Kaixin completed the transfer of its Ji'nan Dealership, which is primarily engaged in new car sales, to an affiliate of Renren, along with related assets. Such disposal affected Kaixin's results of operations and was considered discontinued operations. Accordingly, assets, liabilities, revenue and expenses as well as cash flow related to the Ji'nan Dealership have been reclassified in Kaixin's accompanying consolidated financial statements as discontinued operations for all periods presented.

Results of Operations

The following tables set forth a summary of Kaixin's consolidated results of operations for the periods presented. This information should be read together with Kaixin's consolidated financial statements and related notes included elsewhere in the Original Report and in this Amendment No.1 to the Current Report on Form 8-K. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Years ended December 31,			Three months ended March 31,	
	2016	2017	2018	2018	2019
	US$	US$	US$	US$	US$
	(in thousands, except share and per share data)				
Net revenues:					
Automobile sales	$ —	$ 88,227	$ 420,005	$ 92,856	$ 102,620
Financing income	20,778	26,426	2,317	2,123	—
Others	68	1,933	9,082	2,352	2,026
Total net revenues	20,846	116,586	431,404	97,331	104,646
Cost of revenues:					
Automobile sales	—	85,050	399,274	88,277	98,472
Cost of financing income	10,874	15,259	3,327	2,178	—
Provision for financing receivable	3,165	12,717	10,941	—	—
Others	32	32	429	53	57
Total cost of revenues	14,071	113,058	413,971	90,508	98,529
Gross profit	6,775	3,528	17,433	6,823	6,117
Operating expenses:					
Selling and marketing	7,999	10,698	24,077	6,767	4,359
Research and development	2,374	3,982	4,419	1,152	974
General and administrative	10,367	14,971	23,012	10,129	2,817
Total operating expenses	20,740	29,651	51,508	18,048	8,150
Loss from operations	(13,965)	(26,123)	(34,075)	(11,225)	(2,033)
Other (expenses) income	(339)	387	(812)	215	1,102
Fair value change of contingent consideration	—	(1,480)	(49,503)	(7,139)	(17,733)
Interest income	64	902	575	339	43
Interest expenses	(58)	(3,068)	(4,261)	(1,129)	(630)
Loss before provision of income tax and noncontrolling interest, net of tax	(14,298)	(29,382)	(88,076)	(18,939)	(19,251)
Income tax expenses	(1,690)	(1,158)	(862)	(876)	(365)
Loss from continuing operations	$ (15,988)	$ (30,540)	$ (88,938)	$ (19,815)	$ (19,616)
Discontinued operations:					
(Loss) income from discontinued operations, net of taxes of $nil, $nil and $nil for the years ended December 31, 2016, 2017 and 2018, and for the three months periods ended March 31, 2018 and 2019	(8,066)	1,845	(594)	(1,279)	—
Net loss	(24,054)	(28,695)	(89,532)	(21,094)	(19,616)
Net loss attributable to the noncontrolling interest	—	(76)	(317)	(20)	(108)
Net loss from continuing operations attributable to Kaixin Auto Group	(15,988)	(30,464)	(88,621)	(19,795)	(19,508)
Net (loss) income from discontinued operations attributable to Kaixin Auto Group	(8,066)	1,845	(594)	(1,279)	—
Net loss attributable to Kaixin Auto Group	$ (24,054)	$ (28,619)	$ (89,215)	$ (21,074)	$ (19,508)

Three Months Ended March 31, 2019 Compared to Three Months Ended March 31, 2018

Net Revenues.

Kaixin's total net revenues increased from US$97.3 million in the three months ended March 31, 2018 to US$104.6 million in the three months ended March 31, 2019, primarily due to the increase of its used car sales business, the related expansion of its Dealership network and the increase in the number of used cars sold.

Automobile Sales. Kaixin's revenues from automobile sales increased from US$92.9 million in the three months ended March 31, 2018 consisting of US$91.7 million in used car sales and US$1.2 million in new car sales, to US$102.6 million in the three months ended March 31, 2019, consisting of US$102.4 million in used car sales and US$0.2 million in new car sales. This was due to the increase of its used car sales business. The numbers of cars sold in the three months ended March 31, 2018 and 2019 were 1,590 and 1,990 respectively, and the average sales price decreased from US$58 thousand in the three months ended March 31, 2018 to US$52 thousand in the three months ended March 31, 2019.

Financing Income. Kaixin's financing income revenues decreased from US$2.1 million in the three months ended March 31, 2018 to nil in the three months ended March 31, 2019. The decrease was primarily due to the shift in Kaixin's business focus to used car sales as opposed to its third-party floor financing business. Kaixin does not expect to have any financing income related to its floor financing business in the near future.

Other. Kaixin's other revenues decreased slightly from US$2.4 million in the three months ended March 31, 2018 to US$2.0 million in the three months ended March 31, 2019, primarily due to the decrease of revenues generated from agency fees under consignment sale arrangements related to its new car sales business.

Cost of revenues.

Kaixin's cost of revenues increased from US$90.5 million in the three months ended March 31, 2018 to US$98.5 million in the three months ended March 31, 2019, primarily due to the increase in the cost of revenues associated with Kaixin's used car sales business.

Automobile Sales. Kaixin's cost of revenues for automobile sales increased from US$88.3 million in the three months ended March 31, 2018 to US$98.5 million in the three months ended March 31, 2019. This was primarily due to the growth of Kaixin's used car sales business and the expansion of its Dealership network. The numbers of cars sold in the three months ended March 31, 2018 and 2019 were 1,590 and 1,990, respectively.

Cost of Financing Income. Kaixin's cost of revenues for its floor financing business decreased significantly from US$2.2 million in the three months ended March 31, 2018 to nil in the three months ended March 31, 2019, primarily due to the shift in its business focus to used car sales as opposed to its third-party floor financing business, which led to a decline in cost of financing income.

Provision for Financing Receivable. Kaixin's provision for financing receivable was nil in the three months ended March 31, 2018 and nil in the three months ended March 31, 2019.

Other. Kaixin's other cost of revenues was US$0.1 million in the three months ended March 31, 2018 and US$0.1 million in the three months ended March 31, 2019.

Gross Profit.

Kaixin’s gross profit decreased from US$6.8 million in the three months ended March 31, 2018 to US$6.1 million in the three months ended March 31, 2019, which was primarily attributable to the decrease of average profit margin per car in order to accelerate the turnover of inventory.

Operating Expenses.

Kaixin’s total operating expenses decreased from US$18.0 million in the three months ended March 31, 2018 to US$8.2 million in the three months ended March 31, 2019, primarily due to the decrease in headcount and personnel-related expenses for its floor financing business and the decrease in share-based compensation expenses.

General and administrative expenses. Kaixin’s general and administrative expenses decreased from US$10.1 million in the three months ended March 31, 2018 to US$2.8 million in the three months ended March 31, 2019, primarily due to US$6.2 million decrease in share-based compensation expenses in the three months ended March 31, 2019. On March 15, 2018, an aggregate of 36,461,500 options were granted under the 2018 Kaixin Auto Group Equity Incentive Plan, over half of which were vested on the grant date, which led to the higher share-based compensation expenses in the three months ended March 31, 2018 compared to the three months ended March 31, 2019.

Selling and marketing expenses. Kaixin’s selling and marketing expenses decreased from US$6.8 million in the three months ended March 31, 2018 to US$4.4 million in the three months ended March 31, 2019. The decrease was primarily due to the decrease in headcount and personnel-related expenses for its floor financing business.

Research and development expenses. Kaixin’s research and development expenses decreased from US$1.2 million in the three months ended March 31, 2018 to US$1.0 million in the three months ended March 31, 2019, primarily due to the decrease in headcount and personnel-related expenses for its floor financing business.

Fair value change of contingent consideration

Fair value change of contingent consideration was US$7.1 million in the three months ended March 31, 2018, as compared to US$17.7 million in the three months ended March 31, 2019. This was related to certain non-cash fair value change in contingent consideration payable for acquisitions of Kaixin’s Dealerships.

Other income.

Other income was US$0.2 million in the three months ended March 31, 2018, as compared to other income of US$1.1 million in the three months ended March 31, 2019.

Interest income.

Kaixin’s interest income was US$0.3 million in the three months ended March 31, 2018 and US$0.04 million in the three months ended March 31, 2019.

Interest expenses.

Kaixin’s interest expenses decreased from US$1.1 million in the three months ended March 31, 2018 to US$0.6 million in the three months ended March 31, 2019. The decrease primarily reflected interest on term loan agreements.

Income tax expense.

Kaixin’s income tax expense was US$0.9 million in the three months ended March 31, 2018 and US$0.4 million in the three months ended March 31, 2019.

Loss from continuing operations.

As a result of the foregoing, Kaixin recorded a loss of US$19.8 million from continuing operations in the three months ended March 31, 2018 and a loss of US$19.6 million from continuing operations in the three months ended March 31, 2019.

Loss from discontinued operations.

Kaixin recorded loss from discontinued operations of US$1.3 million and nil for the three months ended March 31, 2018 and 2019.

Net loss.

As a result of the foregoing, Kaixin's net loss decreased from US$21.1 million in the three months ended March 31, 2018 to US$19.6 million in the three months ended March 31, 2019.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Net Revenues.

Kaixin's total net revenues increased significantly from US$116.6 million in 2017 to US$431.4 million in 2018, primarily due to the substantial increase of its used car sales business which was launched in the second half of 2017, the related expansion of its Dealership network and the increase in the number of used cars sold.

Automobile Sales. Kaixin's revenues from automobile sales increased from US$88.2 million in 2017 consisting of US$87.2 million in used car sales and US$1.0 million in new car sales, to US$420.0 million in 2018, consisting of US$417.8 million in used car sales and US$2.2 million in new car sales. This was due to the launch of Kaixin's automobile sales business in the second half of 2017. The numbers of cars sold in 2017 and 2018 were 1,829 and 6,904 respectively, and the average sales price increased from US$48 thousand in 2017 to US$61 thousand in 2018.

Financing Income. Kaixin's financing income revenues decreased from US$26.4 million in 2017 to US$2.3 million in 2018. The decrease was primarily due to the shift in our business focus to used car sales as opposed to our third-party floor financing business, which led to a decline in loan volumes, which decreased from US$649.7 million in 2017 to US$13.2 million in 2018.

Other. Kaixin's other revenues increased significantly from US$1.9 million in 2017 to US$9.1 million in 2018, primarily due to revenues from value-added services related to its auto sales business and the expansion of its Dealership network.

Cost of revenues.

Kaixin's cost of revenues increased significantly from US$113.1 million in 2017 to US$414.0 million in 2018, primarily due to the increase in the cost of revenues associated with Kaixin's used car sales business which was launched in the second half of 2017.

Automobile Sales. Kaixin's cost of revenues for automobile sales increased significantly from US$85.1 million in 2017 to US$399.3 million in 2018. This was primarily due to the rapid growth of Kaixin's used car sales business and the expansion of its Dealership network, which was launched in the second half of 2017.

Cost of Financing Income. Kaixin's cost of revenues for its floor financing business decreased from US$15.3 million in 2017 to US$3.3 million in 2018, the decrease primarily due to the shift in our business focus to used car sales as opposed to our third-party floor financing business, which led to a decline in cost of financing income.

Provision for Financing Receivable. Kaixin's provision for financing receivable decreased from US$12.7 million in 2017 to US$10.9 million in the 2018, primarily due to Kaixin terminated the financing business in 2018. The provision recorded in 2018 related to the outstanding financing receivables generated from the financing business historically.

Other. Kaixin's other cost of revenues increased from US$0.03 million in 2017 to US$0.4 million in 2018. Kaixin expects that its other cost of revenues will increase going forward in connection with the expansion of its after-sales services.

Gross Profit.

Kaixin's gross profit increased from US$3.5 million in 2017 to US$17.4 million in 2018. The increase was primarily due to the significant increase in gross profit attributable to our automobile sales business, which increased from US$3.2 million in 2017 to US$20.7 million in 2018, and gross profit from other revenues increased from US$1.9 million in 2017 to US$8.7 million in 2018, partially offset by a decrease in gross profit attributable to our financing business, which decreased from negative US$1.5 million to negative US$12.0 million.

Operating Expenses.

Kaixin's total operating expenses increased from US$29.7 million in 2017 to US$51.5 million in 2018, primarily due to investments in the growth of its auto sales business and the expansion of its Dealership network, which resulted in increased operating expenses and personnel costs and an increase in share-based compensation expenses.

General and administrative expenses. Kaixin's general and administrative expenses increased from US$15.0 million 2017 to US$23.0 million in 2018, primarily due to the rapid growth of its auto sales business and the expansion of its Dealership network, which contributed to a US$0.6 million increase in personnel and other costs, and a US$ 5.3 million increase in share-based compensation expenses in 2018.

Selling and marketing expenses. Kaixin's selling and marketing expenses increased from US$10.7 million in 2017 to US$24.1 million in 2018. The increase was primarily due to the rapid growth of Kaixin's auto sales business and the expansion of its Dealership network, which resulted in increased personnel and other costs.

Research and development expenses. Kaixin's research and development expenses increased from US$4.0 million in 2017 to US$4.4 million in 2018, primarily due to the rapid growth of its auto sales business and the expansion of its Dealership network, which resulted in increased personnel and other costs, as well as the development of Kaixin's Dealer SaaS system, which also resulted in increased personnel costs.

Fair value change of contingent consideration

Fair value change of contingent consideration was US$1.5 million in 2017, as compared to US$49.5 million in 2018. This was related to certain non-cash fair value change in contingent consideration payable for acquisitions of Kaixin's Dealerships.

Other (expenses) income.

Other income was US$0.4 million in 2017, as compared to other expense of US$0.8 million in 2018.

Interest income.

Kaixin's interest income was US$0.9 million in 2017 and US$0.6 million in 2018.

Interest expenses.

Kaixin's interest expenses increased from US$3.1 million in 2017 to US$4.3 million in 2018. The increase primarily reflected interest on term loan agreements.

Income tax expense.

Kaixin's income tax expense was US$1.2 million in 2017 and US$0.9 million in 2018.

Loss from continuing operations.

As a result of the foregoing, Kaixin recorded a loss of US$30.5 million from continuing operations in 2017 and a loss of US$88.9 million from continuing operations in 2018.

Income (loss) from discontinued operations.

Kaixin recorded income from discontinued operations of US$1.8 million in 2017, reflecting the performance of the discontinued Renren Fenqi business. Loss from discontinued operating was US$0.6 in 2018, reflecting the performance of the discontinued Ji'nan Dealership.

Net loss.

As a result of the foregoing, Kaixin's net loss increased from US$28.7 million in 2017 to US$89.5 million in 2018.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Net Revenues.

Kaixin's total net revenues increased significantly from US$20.8 million in 2016 to US$116.6 million in 2017 primarily due to the revenues of its used car sales business which was launched in the second half of 2017, the related expansion of its Dealership network and the increase in the number of used cars sold.

Automobile Sales. Kaixin did not derive any revenues from automobile sales in 2016, while its revenues from automobile sales were US$88.2 million in 2017 consisting of US$87.2 million in used car sales and US$1.0 million in new car sales. This was due to the launch of Kaixin's automobile sales business in the second half of 2017.

Financing Income. Kaixin's financing income revenues increased from US$20.8 million in 2016 to US$26.4 million in 2017. The increase was primarily due to the continued growth of Kaixin's floor financing. The increase was primarily due to an increase in interest earned partially offset by a decline in loan volumes, which decreased from US$742.8 million in 2016 to US$649.7 million in 2017.

Other. Kaixin's other revenues increased significantly from US$0.1 million in 2016 to US$1.9 million in 2017, primarily due to revenues from value-added services related to its auto sales business and the expansion of its Dealership network, which was launched in the second half of 2017.

Cost of revenues.

Kaixin's cost of revenues increased significantly from US$14.1 million in 2016 to US$113.1 million in 2017, primarily due to the increase in the cost of revenues associated with Kaixin's used car sales business which was launched in the second half of 2017.

Automobile Sales. Kaixin's cost of revenues for automobile sales was US$85.1 million in 2017, while it did not incur such cost of revenues in 2016. This was primarily due to the rapid growth of Kaixin's used car sales business and the expansion of its Dealership network, which was launched in the second half of 2017.

Cost of Financing Income. Kaixin's cost of revenues for its floor financing business increased from US$10.9 million in 2016 to US$15.3 million in 2017, primarily due to increased cost of capital resulting from higher interest rates paid to investors in its floor financing business.

Provision for Financing Receivable. Kaixin's provision for financing receivable increased from US$3.2 million in 2016 to US$12.7 million in 2017, reflecting an increase in doubtful financing receivables due in part to regulatory pressures on the peer-to-peer financing environment in China as described under "— Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 — Provision for Financing Receivable.", and related deterioration in credit performance of related assets which have continued to date. This resulted in an increase in Kaixin's financing receivable past due for which Kaixin recorded the foregoing provisions.

Other. Kaixin's other cost of revenues remained stable and insignificant in both 2016 and 2017. Kaixin expects that its other cost of revenues will increase going forward in connection with the expansion of its after-sales services.

Gross Profit.

Kaixin's gross profit decreased from US$6.8 million in 2016 to US$3.5 million in 2017. The increase was primarily due to the increase in gross profit attributable to our automobile sales business, which increased from US$nil in 2016 to US$3.2 million in 2017, partially offset by a decrease in gross profit attributable to our financing business, which decreased from US$6.7 million in 2016 to negative US$1.6 million in 2017. The decrease in gross profit attributable to our financing business was largely attributable to an increase in provision for financing receivable from US$3.2 million in 2016 to US$12.7 million in 2017.

Operating Expenses.

Kaixin's total operating expenses increased from US$20.7 million in 2016 to US$29.7 million in 2017, primarily due to investments in the growth of its auto sales business and the expansion of its Dealership network, which resulted in increased operating expenses and personnel costs.

General and administrative expenses. Kaixin's general and administrative expenses increased from US$10.4 million in 2016 to US$15.0 million in 2017, primarily due to the rapid growth of its auto sales business and the expansion of its Dealership network, which resulted in increased personnel and other costs.

Selling and marketing expenses. Kaixin's selling and marketing expenses increased from US$8.0 million in 2016 to US$10.7 million in 2017. The increase was primarily due to the rapid growth of Kaixin's auto sales business and the expansion of its Dealership network, which resulted in increased personnel and other costs.

Research and development expenses. Kaixin's research and development expenses increased from US$2.4 million in 2016 to US$4.0 million in 2017, primarily due to the rapid growth of its auto sales business and the expansion of its Dealership network, which resulted in increased personnel and other costs.

Other (expenses) income

Other expense was US$0.3 million in 2016, as compared to other income of US$0.4 million in 2017.

Fair value change of contingent consideration

Fair value change of contingent consideration was nil in 2016, as compared to US$1.5 million in 2017. This was related to certain non-cash fair value change in contingent consideration payable for acquisitions of Kaixin's Dealerships.

Interest income.

Kaixin's interest income increased from US$0.1 million in 2016 to US$0.9 million in 2017. The increase was primarily due to an increase in the amount of Kaixin's deposits at commercial banks, including restricted cash deposited with lenders in connection with its term loan agreements.

Interest expenses.

Kaixin's interest expenses increased from US$0.1 million in 2016 to US$3.1 million in 2017. The increase primarily reflected interest on term loan agreements.

Income tax expense.

Kaixin's income tax expense decreased from US$1.7 million in 2016 to US$1.2 million in 2017, primarily as a result of certain losses that were not deductible for tax purposes in 2016.

Loss from continuing operations.

As a result of the foregoing, Kaixin recorded a loss of US$16.0 million from continuing operations in 2016 and a loss of US$30.5 million from continuing operations in 2017.

Income (loss) from discontinued operations.

Kaixin recorded a loss from discontinued operations of US$8.1 million in 2016 and income from discontinued operations of US$1.8 million in 2017, reflecting the performance of the discontinued Renren Fenqi business and the discontinued Ji'nan Dealership.

Net loss.

As a result of the foregoing, Kaixin's net loss increased from US$24.1 million in 2016 to US$28.7 million in 2017.

Liquidity and Capital Resources

Cash Flows and Working Capital

Kaixin's primary sources of liquidity have been funding from Renren, proceeds from the transfer of creditors' rights to investors and proceeds from the issuance of ABSs, which have historically been sufficient to meet Kaixin's working capital and substantially all of its capital expenditure requirements.

In January 2016 and September 2016, Kaixin originated the issuance of two Shanghai Renren Finance Leasing Asset-Backed Special Plans (the "Plans") in the amount of approximately US$46.1 million (RMB299.8 million) and US$78.5 million (RMB510.6 million), respectively. The Plans are collateralized by certain financing receivables arising from Kaixin's used car financing business. The Plans expired in May 2018. The Plans consist of three tranches: AAA-rated senior securities (covering 68.0% and 70.5% of the total securities issued, respectively) and AA-rated senior securities (covering 10.5% and 11.0% of the total securities issued, respectively) which were purchased by external investors, and subordinate securities (covering 21.5% and 18.5% of the total securities issued, respectively) held by Kaixin. Kaixin also provided a guarantee to secure the full repayment of the principal and interest of the external investors in the Plans. The assets of the Plans are not available to Kaixin's creditors. In addition, the investors of the Plans have no recourse against Kaixin's assets. As of the date hereof, Kaixin did not have any amounts outstanding under the Plans, which were fully repaid in April 2018.

Through the peer-to-peer platforms and the Plans, Kaixin has from time to time identified individual investors to which it has transferred creditors' rights originated from the aforementioned financing services to the individual investors in exchange for cash. Kaixin offers different investment periods and interest rates to investors in connection with such transfers. The terms of the sales require Kaixin to repurchase those creditors' rights from investors prior to or upon the maturity of the investment period. Kaixin did not have payables to investors outstanding as of December 31, 2018 and March 31, 2019. While Kaixin's business practices are subject to change based on commercial developments, Kaixin does not currently plan to engage in similar transfers in the future.

Kaixin has also entered into term loans with commercial banks in China from time to time. Kaixin does not have any outstanding term loans as of the date of this Amendment No. 1 to the Current Report on Form 8-K. As of December 31, 2018 and March 31, 2019, Kaixin had outstanding loans in the amount of US$49.9 million and US$26.7 million, respectively, under term loan and convertible loan agreements.

On January 28, 2019, Kaixin, CM Seven Star 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 business combination, amounts outstanding under the convertible loan was converted into units of KAH at a conversion price of US$10.00 per unit, and subsequent amounts payable under the loan will immediately convert into units of KAH at a conversion price of US$10.00 per unit.

On April 25, 2019, Kaixin, CM Seven Star and an investor had entered into a convertible loan agreement pursuant to which the investor invested US$1.0 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. Upon completion of the business combination, amounts outstanding under the convertible loan was converted into shares of KAH at a conversion price of US$10.00 per share.

On May 6, 2019, Kaixin obtained a letter of financial support from Renren, pursuant to which Renren agreed to provide continuing financial support to enable Kaixin to meet in full its financial obligations as they come due for a period of twelve months beginning May 6, 2019.

Kaixin believes that its anticipated cash flows from operating activities will be sufficient to meet its anticipated working capital requirements and capital expenditures in the ordinary course of business for the next 12 months. Kaixin may, however, need additional cash resources in the future if it experiences changes in business conditions or other developments, or if it finds and wishes to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If Kaixin determines that its cash requirements exceed the amount of cash and cash equivalents it has on hand at the time, it may seek to issue equity or debt securities or obtain credit facilities. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict Kaixin’s operations. There can be no assurance that financing will be available in amounts or on terms acceptable to Kaixin, if at all.

Although Kaixin consolidates the results of Shanghai Jieying and Qianxiang Changda, its access to cash balances or future earnings of these entities is only through its contractual arrangements with Shanghai Jieying and Qianxiang Changda and their respective shareholders and subsidiaries

Net cash provided by operating activities was US$2.4 million in the three months ended March 31, 2018 and net cash provided by operating activities was US$266 thousand in the three months ended March 31, 2019.

Kaixin had cash and cash equivalents and restricted cash of approximately US$13.8 million as of December 31, 2018. Cash and cash equivalents and restricted cash were approximately US$10.0 million as of March 31, 2019.

The following table sets forth a summary of Kaixin’s cash flows for the periods presented:

	Year Ended December 31,			**Three months ended March 31,**	
	2016	**2017**	**2018**	**2018**	**2019**
	US$	**US$**	**US$**	**US$**	**US$**
			(in thousands)		
Summary Consolidated Cash Flow Data:					
Net cash (used in) provided by operating activities	(8,537)	(73,684)	(9,749)	2,416	266
Net cash (used in) provided by investing activities	(172,642)	162,411	98,982	76,240	218
Net cash provided by (used in) financing activities	205,863	(59,734)	(138,637)	(77,210)	(4,601)
Cash and cash equivalents and restricted cash at beginning of period	8,011	34,985	64,447	64,447	13,768
Cash and cash equivalents and restricted cash at end of period	34,985	64,447	13,768	68,528	9,965

Operating Activities

Net cash provided by operating activities was US$2.4 million in the three months ended March 31, 2018 and net cash provided by operating activities was US$266 thousand in the three months ended March 31, 2019.

Net cash provided by operating activities was US$2.4 million in the three months ended March 31, 2018. The principal items accounting for the difference between Kaixin's net loss and net cash used in operating activities in the three months ended March 31, 2018 were share-based compensation provided by Renren to Kaixin's employees of US$7.4 million, fair value change of contingent consideration of US$10.3 million, increase in amount due to related parties of US$8.6 million. These items were partially offset by an decrease in prepaid expenses and other current assets of US$7.3 million.

Net cash provided by operating activities was US$266 thousand in the three months ended March 31, 2019. The principal items accounting for the difference between Kaixin's net loss and its net cash used by operating activities in 2019 were US$19.6 million decrease in prepaid expenses and other assets of US$12.3 million which were partially offset by an increase fair value change of contingent consideration of US$17.7 million and inventory of US$12.4 million.

Net cash used in operating activities was US$73.7 million and US$9.7 million in 2017 and 2018, respectively.

Net cash used in operating activities was US$73.7 million in 2017. The principal items accounting for the difference between Kaixin's net loss and net cash used in operating activities in 2017 were purchases of inventory of US$67.2 million in connection with the growth of its used car sales business, an increase in prepaid expenses and other current assets of US$20.0 million primarily due to an increase of advance to third party dealerships and a decrease in payable to investors of US$4.0 million relating to Kaixin's ABSs. These items were partially offset by an increase in accounts payable of US$13.6 million, provision for financing receivable losses of US$12.7 million due to an increase of Kaixin's financing receivable past due, an increase in advances from customers of US$6.4 million due to cash received from customers of automobile sales prior to delivery, and share-based compensation provided by Renren to Kaixin's employees of US$4.5 million.

Net cash used in operating activities was US$9.7 million in 2018, compared with net cash used in operating activities of US$73.7 million in 2017. The principal items accounting for the difference between Kaixin's net loss and its net cash provided by operating activities in 2018 were an decrease in inventory of US$30.2 million and an decrease in accounts payable of US$2.4 million These items were partially offset by an increase in amounts due to related parties of US$4.9 million, an increase in prepaid expenses and other current assets of US$23.0 million, write-offs for advance to supplier related to Ji'nan Dearlership of US$16.8 million, and share-based compensation of US$11.4 million.

Investing Activities

Net cash provided by investing activities was US$76.2 million in the three months ended March 31, 2018, compared to net cash used by investing activities of US$218 thousand in the three months ended March 31, 2019.

Net cash used in investing activities was US$76.2 million in the three months ended March 31, 2018, which was mostly attributable to repayments from customers of financing provided of Kaixin's floor financing business of US$83.0 million.

Net cash used by investing activities was US$218 thousand in the three months ended March 31, 2019, which was mostly attributable to proceeds from repayments of loans from borrowers of US$223 thousand.

Net cash used in investing activities was US$162.4 million in 2017, compared to net cash provided by investing activities of US$99.0 million in 2018.

Net cash used in investing activities was US$162.4 million in 2017, which was mostly attributable to repayments from customers of financing provided of Kaixin's floor financing business of US$925.7 million. This was partially offset by payments of cash related to financing provided to used car dealerships customers of Kaixin's floor financing business of US$748.5 million.

Net cash provided by investing activities was US$99.0 million in 2018, which was mostly attributable to repayments from customers of financing provided of Kaixin's floor financing business of US$109.7 million.

Financing Activities

Net cash used by financing activities was US$77.2 million in the three months ended March 31, 2018, compared with net cash used in financing activities of US$4.6 million in the three months ended March 31, 2019.

Net cash used in financing activities was US$77.2 million in the three months ended March 31, 2018, which was primarily attributable to payment to investors of US$147.9 million and repayment of loans from related parties of US$32.5 million, partially offset by proceeds from investors of US$55.0 million and proceeds from borrowings of US$34.2 million.

Net cash used in financing activities was US$4.6 million in the three months ended March 31, 2019, which was primarily attributable to repayment of loans from related parties of US$107.9 million and repayment of short-term loan of US$25.2 million, partially offset by proceeds of loans from related parties of US$107.6 million and proceeds from borrowings of US$21.0 million.

Net cash provided by financing activities was US$59.7 million 2017, compared with net cash used in financing activities of US$138.6 million in 2018.

Net cash used in financing activities was US$59.7 million 2017, which was primarily attributable to payment to investors of US$1,680.9 million, partially offset by proceeds from investors of US$1,568.9 million, proceeds from borrowings of US$92.5 million offset by repayment of borrowings of US$14.1 million, primarily from Kaixin's term loan financing arrangements.

Net cash used in financing activities was US$138.6 million in 2018, which was primarily attributable to principal payment to investors mainly related to Kaixin's floor financing business of US$187.9 million, partially offset by proceeds from investors mainly related to Kaixin's floor financing business of US$57.8 million.

Capital Expenditures

Kaixin made capital expenditures of US$79 thousand and US$5 thousand in the three months ended March 31, 2018 and 2019, respectively. In these periods, Kaixin's capital expenditures were mainly used to purchase servers, computers and other equipment for its business.

Kaixin made capital expenditures of US$21 thousand and US$764 thousand in 2017 and 2018, respectively. In these periods, Kaixin's capital expenditures were mainly used to purchase servers, computers and other equipment for its business. Kaixin will continue to make capital expenditures to meet the expected growth of its business and expect to incur greater capital expenditures in 2018 for equipment used in its after-sales service centers.

Commitments and Contractual Obligations

The following table presents Kaixin's material contractual obligations as of December 31, 2018:

Contractual Obligations (unaudited)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			US$ (in thousands)		
Loan Obligations(1)	50,930	50,930	—	—	—
Operating Lease Obligations	8,699	3,018	3,706	984	991

(1) Loan obligations include Kaixin's obligations under both its long-term and short-term debt agreements as well as the interest on those debts. Refer to note 10 to Kaixin's consolidated financial statements included elsewhere in the Original Report.

Off-balance Sheet Arrangements

Kaixin is not a party to any off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange Risk

Substantially all of Kaixin's revenues and substantially all of its expenses are denominated in Renminbi. The functional currency of Kaixin's company is the U.S. dollar. The functional currency of Kaixin's subsidiary in the PRC, the VIE and the VIE's subsidiaries is the Renminbi, and the functional currency of Kaixin's Hong Kong subsidiaries is the Hong Kong Dollar. Kaixin uses the U.S. dollar as its reporting currency. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the statements of operations. Due to foreign currency translation adjustments, Kaixin had a foreign exchange gain, net, of US$0.4 million for the year ended December 31, 2018 and a foreign exchange loss, net, of US$0.4 million for the three months periods ended March 31, 2019.

To date, Kaixin has not entered into any hedging transactions in an effort to reduce its exposure to foreign currency exchange risk. Although Kaixin's exposure to foreign exchange risks is generally limited, the value of Kaixin's ordinary shares will be affected by the exchange rate between the U.S. dollar and the RMB because the value of Kaixin's business is effectively denominated in RMB, while our ordinary shares will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China, or the PBOC. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, the exchange rate between the Renminbi and the U.S. dollar had been stable and traded within a narrow band. Since June 2010, the PRC government has allowed the RMB to appreciate slowly against the U.S. dollar, though there have been periods when the Renminbi has depreciated against the U.S. dollar. In particular, on August 11, 2015, the PBOC allowed the Renminbi to depreciate by approximately 2% against the U.S. dollar. Since then and until the end of 2017, the Renminbi has depreciated against the U.S. dollar by approximately 2.83%. It is difficult to predict how long the current situation may last and when and how the relationship between the Renminbi and the U.S. dollar may change again.

To the extent that Kaixin needs to convert U.S. dollars into Renminbi for its operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount Kaixin receives from the conversion. Conversely, if Kaixin decides to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on its ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to Kaixin.

Interest Rate Risk

Kaixin have not been exposed to material risks due to changes in market interest rates, and it has not used any derivative financial instruments to manage Kaixin's interest risk exposure. However, Kaixin cannot provide assurance that it will not be exposed to material risks due to changes in market interest rate in the future.

Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Inflation

Since inception, inflation in China has not materially affected Kaixin's results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2016 was an increase of 1.9%. Although Kaixin has not been materially affected by inflation in the past, it may be affected if China experiences higher rates of inflation in the future.

Internal Control Over Financial Reporting

In 2018, Kaixin has been a subsidiary of a listed company with limited accounting personnel and other resources with which to address its internal control and procedures over financial reporting. In the course of preparing Kaixin's consolidated financial statements for the year ended December 31, 2018, Kaixin identified one material weakness in Kaixin's internal control over financial reporting as of December 31, 2018. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Kaixin's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The material weakness identified relates to having inadequate controls designed over the accounting of significant and complex transactions to ensure that those transactions are properly accounted for in accordance with U.S. GAAP. Specifically, Kaixin's management concluded that it lacked sufficient accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to properly address the complex accounting issues involved in the application of purchase accounting principles in connection with the acquisition of used car dealerships as described in note 5 of Kaixin's consolidated financial statements in the Original Report. Neither Kaixin nor its independent registered public accounting firm undertook a comprehensive assessment of Kaixin's internal control under the Sarbanes-Oxley Act for purposes of identifying and reporting any weakness in Kaixin's internal control over financial reporting. Kaixin is required to do so only after Kaixin becomes a public company. Had Kaixin performed a formal assessment of its internal control over financial reporting or had its independent registered public accounting firm performed an audit of Kaixin's internal control over financial reporting, additional control deficiencies may have been identified.

To remedy Kaixin's identified material weakness, it has started adopting measures to improve its internal control over financial reporting, including, among others: (i) hiring additional financial professionals with relevant experience, skills and knowledge in accounting and disclosure for complex transactions under the requirements of U.S. GAAP and SEC reporting requirements, including disclosure requirements for complex transactions under U.S. GAAP, to provide the necessary level of leadership to Kaixin's finance and accounting function and increasing the number of qualified financial reporting personnel, (ii) improving the capabilities of existing financial reporting personnel through training and education in the accounting and reporting requirements under U.S. GAAP, SEC rules and regulations and the Sarbanes-Oxley Act, (iii) engaging an independent third-party consultant to assist in establishing processes and oversight measures to comply with the requirements under the Sarbanes- Oxley Act, and (iv) designing and implementing robust financial reporting and management controls over future acquisitions of additional Dealerships.

Critical Accounting Policies, Judgments and Estimates

Kaixin prepares its financial statements in accordance with U.S. GAAP, which requires its management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Kaixin continually evaluate these judgments and estimates based on its own historical experience, knowledge and assessment of current business and other conditions, its expectations regarding the future based on available information and assumptions that it believes to be reasonable, which together form its basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, Kaixin's actual results could differ from those estimates. Some of Kaixin's accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing Kaixin's financial statements. Kaixin believes the following accounting policies involve the most significant judgments and estimates used in the preparation of its financial statements. You should read the following description of critical accounting policies, judgments and estimates in conjunction with Kaixin's consolidated financial statements and other disclosures included in the Original Report and Kaixin's unaudited condensed consolidated financial statements and other disclosures included in this Amendment No.1 to the Current Report on Form 8-K.

Revenue recognition

Kaixin's revenue mostly includes revenue from its automobile sales and financing income generated from its used car dealership finance services. Under FASB Revenue Recognition (Topic 605), Kaixin recognized revenues when a persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured.

Kaixin adopted the Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606") on January 1, 2018, using the modified retrospective method. ASC 606 prescribes a five-step model that includes: (1) identify the contract; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) performance obligations are satisfied. Based on the manner in which Kaixin historically recognized revenue, the adoption of ASC 606 did not have a material impact on the amount or timing of its revenue recognition and Kaixin recorded no cumulative effect adjustment upon adoption. Additionally, Kaixin concluded that revenue generated from used car financing services is excluded from the scope of the new revenue standard as it represents revenue within the scope of ASC 310, Receivables, which is explicitly excluded from the scope of ASC 606.

Automobile sales

Kaixin purchases automobiles from unrelated individuals, third party dealerships or manufacturers and suppliers and sells them directly to its customers through its local dealer shops. The prices of used vehicles are set forth in the customer contracts at stand-alone selling prices to which are agreed prior to delivery. Kaixin satisfies its performance obligation for used vehicle sales upon delivery when the transfer of title, risks and awards of ownership and control pass to the owner. Kaixin recognizes revenue at the agreed upon purchase price stated in the contract, including any delivery charges. When cash is received from customers prior to delivery of the vehicle, Kaixin records such cash as advance from customers in its consolidated balance sheet, which is immaterial as of December 31, 2018 and March 31, 2019.

Financing

Kaixin generates revenue from its financing services business primarily through financing provided to used automobile dealers. Specifically, Kaixin provides short-term financing services to used car dealers to fund the car dealers' cash needs for used car purchasing. The financing period is no more than six months and is secured by a pledge of the dealers' used car with total value exceeding the principal of the financing. Kaixin charges an upfront service fee as well as financing income on a monthly basis. Kaixin records financing income and service fees related to those services over the life of the underlying financing using the effective interest method on the unpaid principal amounts. The service fees collected upfront, as well as the direct origination costs of the financing, are deferred and recognized as financing income as an adjustment to the yield on a straight line basis over the life of the used car financing.

Other revenues

Kaixin's other revenues mainly include revenue generated from agency fees in connection with arrangement with third party dealers whereas Kaixin facilitates sales of their cars. Kaixin does not control the ownership of the automobiles, but rather is acting as an agent for the third party dealers. Revenue is recognized for the net amount of commission Kaixin entitles to retain in exchange for the agency service. The revenue recognized in the year ended December 31, 2018 and the three months ended March 31, 2019 is immaterial. Other revenues also includes commissions received by Kaixin from insurance companies and banks for its facilitation services provided to assist customers obtaining related insurance and financing for their automobile purchases. Revenue recognized related to those services are immaterial to the periods presented.

Inventory

Inventory consists of the purchased used and new automobiles. Inventory is stated at the lower of cost or net realizable value. Inventory cost is determined by specific identification. Net realizable value is the estimated selling price less costs to complete, dispose and transport the vehicles. Selling prices are derived from historical data and trends, such as sales price and inventory turn times of similar vehicles, as well as independent, market resources. Each reporting period, Kaixin recognizes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value through cost of sales in the accompanying consolidated statements of operations.

Inventory write-downs are established based on management’s review on a vehicle-by-vehicle basis for slow moving and obsolete items. On a quarterly basis, the management examines an inventory report. The vehicle is considered slow moving if it has not been sold within a 90 days period since procurement, in light of Kaixin’s average inventory turnover days during the year ended December 31, 2018, and three month ended March 31, 2019, were 63 days and 48 days, respectively. In estimating the level of inventory write-downs for slow moving vehicles, Kaixin considers historical data and forecasted customer demand, such as sales price and inventory turn times of similar vehicles with similar mileage and condition, as well as independent, market information. This valuation process requires management to make judgements, based on currently available information, and assumptions about future demand and market conditions, which are inherently uncertain. To the extent that there are significant changes to estimated vehicle selling prices or decreases in demand for used vehicles, there could be significant adjustment to reflect inventory at net realizable value.

Consolidation of variable interest entity

PRC laws and regulations currently prohibit direct foreign ownership of business entities in certain industries in the PRC where certain licenses are required for the provision of such services. To comply with the PRC laws and regulations, Kaixin conducts substantially all of its business through its variable interest entities and their subsidiaries. Kaixin has, through one of its wholly owned subsidiaries in the PRC, entered into contractual arrangements with Qianxiang Changda and Shanghai Jieying such that Qianxiang Changda and Shanghai Jieying and their subsidiaries are considered as Kaixin’s variable interest entities for which Kaixin is considered their primary beneficiary. Kaixin believes it has substantive kick-out rights per the terms of the equity option agreements, which gives it the power to control the shareholder of these entities. More specifically, Kaixin believes that the terms of the exclusive equity option agreements are currently exercisable and legally enforceable under PRC laws and regulations.

Therefore, Kaixin believes this gives it the power to direct the activities that most significantly impact the economic performance of these entities and their subsidiaries. Kaixin believes that its ability to exercise effective control, together with the service agreements and the equity interest pledge agreements, give Kaixin the rights to receive substantially all of the economic benefits from these entities and their subsidiaries in consideration for the services provided by Kaixin’s wholly owned subsidiaries in China. Accordingly, as the primary beneficiary of these entities and in accordance with U.S. GAAP, Kaixin consolidates their financial results and assets and liabilities in its consolidated financial statements.

According to TransAsia Lawyers, Kaixin’s PRC legal counsel, based on its understanding of the relevant laws and regulations Kaixin’s corporate structure in China complies with all existing PRC laws and regulations. However, Kaixin’s PRC legal counsel has also advised Kaixin that as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, it cannot assure you that the PRC government would agree that Kaixin’s corporate structure or any of the above contractual arrangements comply with current or future PRC laws or regulations. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

In January 2016 and September 2016, Kaixin also originated the issuance of two Shanghai Renren Finance Leasing Asset-Backed Special Plans, approximating RMB 299.8 million (US$46.1 million) and RMB 510.6 million (US$78.5 million), respectively. The plans are collateralized by certain financing receivables arising from Kaixin's used automobile financing business.

The plans consist of three tranches: AAA-rated senior securities (covering 68.0% and 70.5% of the total securities issued, respectively) and AA-rated senior securities (covering 10.5% and 11.0% of the total securities issued, respectively) which were purchased by external investors, and subordinate securities (covering 21.5% and 18.5% of the total securities issued, respectively) held by Kaixin. Kaixin also provided a guarantee to secure the full repayment of the principal and interest of the external investors in the plans.

Kaixin holds significant variable interests in the plans through holding the subordinate securities and the guarantee provided, from which it has the right to receive benefits from the plans that could potentially be significant to the plans. Kaixin also has power to direct the activities of the plans that most significantly impact the economic performance of the plans by making revolving purchases of underlying financing receivables and providing payment collection services from the underlying financing receivables.

Accordingly, Kaixin is considered the primary beneficiary of the plans and have consolidated the plans' assets, liabilities, results of operations and cash flows in the accompanying consolidated financial statements.

The assets of the plans are not available to Kaixin's creditors. In addition, the investors of the plans have no recourse against Kaixin's assets.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations.

Goodwill is not amortized, but tested for impairment upon first adoption and annually, or more frequently if event and circumstances indicate that they might be impaired. Kaixin has an option to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. In the qualitative assessment, Kaixin considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. Based on the qualitative assessment, if it is more likely than not that the fair value of each reporting unit is less than the carrying amount, the quantitative impairment test is performed.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated using a discounted cash flow methodology. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, and assumptions that are consistent with the plans and estimates being used to manage Kaixin's business, estimation of the long-term rate of growth for its business, estimation of the useful life over which cash flows will occur, and determination of its weighted average cost of capital. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for the reporting unit.

In performing the two-step quantitative impairment test, the first step is to compare the fair values of each reporting unit to its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill is not considered impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of the affected reporting unit's goodwill to the carrying value of that goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The fair value of the reporting units is estimated using discounted cash flow methodologies, as well as considering third party market value indicators. The Company's use of a discounted cash flow methodology includes estimates of future revenue based upon budget projections and growth rates. The Company also develops estimates for future levels of gross and operating profits and projected capital expenditures. The Company's methodology also includes the use of estimated discount rates based upon industry and competitor analysis as well as other factors. The estimates that the Company uses in its discounted cash flow methodology involves many assumptions by management that are based upon future growth projections. Calculating the fair value of the reporting units requires significant estimates and assumptions by management. Should the estimates and assumptions regarding the fair value of the reporting units prove to be incorrect, the Company may be required to record impairments to its goodwill in future periods and such impairments could be material. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. In estimating the fair value of each reporting unit Kaixin estimates the future cash flows of each reporting unit, it has taken into consideration the overall and industry economic conditions and trends, market risk and historical information. Based on Kaixin's annual tests of goodwill, the fair values of each reporting unit substantially exceeded its carrying values as of December 31, 2018. As such, Kaixin did not record any impairment charges during the year ended December 31, 2018. Additionally, no events on circumstances were identified in the first quarter ended March 31, 2019 which indicated that goodwill might be impaired.

Income Taxes

Please refer to Note 2 of Kaixin's unaudited condensed consolidated financial statements included in this Amendment No. 1 to the Current Report on Form 8-K for discussion of the accounting polices related to income taxes. Also, please refer to Note 9 of Kaixin's unaudited condensed consolidated financial statements included in this Amendment No. 1 to the Current Report on Form 8-K for a discussion of the methods, assumptions and estimates related to Kaixin's recognition of income taxes.

Value added taxes

Value-added tax ("VAT") is reported as a deduction to revenue when incurred and amounted to $10,757 for the year ended December 31, 2018, and $640 for the three-month period ended March 31, 2019, respectively. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in accrued expense and other current liabilities on the consolidated balance sheet.

In 2018, Kaixin entered into a series of ancillary agreements to facilitate its sale of used cars for value-added tax optimization purposes. Under these ancillary agreements, when Kaixin sources a used car, the legal title of the car is transferred to a Jieying Executive, and the registration is transferred to the name of one of the Dealership's employees. Kaixin viewed itself as a service provider in the used car transactions, and therefore is only subject to value-added tax on the difference between the original purchase price and the retail price of the used cars.

Cost Allocation

Kaixin's consolidated statements of operations comprise all the related costs of its operations, which include, its direct expenses as well as an allocation of certain general and administrative expenses, research and development, selling and marketing expenses and cost of revenues paid by Renren and not directly related to Kaixin's used car and used car financing business. These allocated expenses consist primarily of share-based compensation expenses of senior management and shared marketing and management expenses including accounting, administrative, marketing, internal control, legal support services and other expenses to provide operating support to Kaixin's business. These allocations were made using a proportional cost allocation method and were based on revenues, headcount as well as estimates of time spent on the provision of services attributable to Kaixin.

Kaixin believes the basis and amounts of the allocations are reasonable. While the expenses allocated to Kaixin are not necessarily indicative of the expenses that would have been incurred if Kaixin had been a separate, stand-alone entity, Kaixin does not believe that there is any significant difference between the nature and amounts of these allocated expenses and the expenses that would have been incurred if Kaixin had been a separate, stand-alone entity.

Pursuant to an agreement between Kaixin and Renren, share-based compensation expense and the shared marketing and management expenses incurred by Renren have been waived. Accordingly, Kaixin recognizes those as capital contributions from Renren when the expenses were incurred.

Fair Value of Ordinary Shares

Kaixin is a private company with no quoted market prices for its ordinary shares. It therefore needed to make estimates of the fair value of its ordinary shares for the purpose of determining the fair value of its ordinary shares at the date of the grant of share-based compensation awards to its employees to determine the grant date fair value of the award.

The following table sets forth the fair value of Kaixin's ordinary shares estimated at the grant date with the assistance from an independent valuation firm:

Date	Class of Shares	Fair Value per Share	DLOM	Discount Rate	Purpose of Valuation
March 15, 2018 and July 1, 2018	Ordinary Shares	$ 0.75	10%	25.50%	To determine the fair value of share option grant

The valuation of its ordinary shares was performed using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the AICPA Practice Guide. The determination of the fair value of Kaixin's ordinary shares requires complex and subjective judgments to be made regarding Kaixin's projected financial and operating results, its unique business risks, the liquidity of its shares and its operating history and prospects at the time of valuation.

In determining Kaixin's equity value, the Company applied the discounted cash flow analysis based on its projected cash flow using its best estimate of the valuation date. The major assumptions used in calculating the fair value of the equity include:

● *Discount rate.* The discount rate listed out in the table above was based on the weighted average cost of capital, which was determined based on a number of factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systemic risk factors.

● *Comparable Companies.* In deriving the weighted average cost of capital used as the discount rate under the income approach, six publicly traded companies were selected for reference as Kaixin's guideline companies. The guideline companies were selected based on the following criteira: (i) Companies operate in the automobile trading industry and (ii) their shares are publicly traded in mainland China, Hong Kong and the United States.

● *Discount for Lack of Marketability, or DLOM.* The Company applied DLOM to reflect the fact that there is no ready market for shares in a closely-held company. When determining the DLOM, the Black-Scholes option pricing model was used. Under this option-pricing method, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the discount for lack of marketability. This option pricing method was used because it takes into account certain company-specific factors, including the timing of the expected initial offering and the volatility of the share price of the guideline companies engaged in the same industry.

Share-Based Compensation Expense

In 2018 and 2019 a portion of, and in 2016 and 2017 all of, Kaixin's share-based compensation expense related to Renren's allocation to Kaixin of share-based compensation expenses of their senior management.

On January 31, 2018, Kaixin adopted a share incentive plan, whereby 40,000,000 ordinary shares of Kaixin are made available for future grant for employees or consultants of Kaixin either in the form of incentive share options or restricted shares. The plan was amended and restated in May 2018 that up to 140,000,000 ordinary shares will be made available for granting as awards. On March 15, 2018 and July 1, 2018, Kaixin issued an aggregate of 36,461,500 options to purchase Kaixin's ordinary shares to certain of its directors, officers and employees to compensate their services. Kaixin measures the cost of the share options based on grant date fair value of the award and recognizes compensation cost over the period during which an employee is required to provide services in exchange for the award, which generally is the vesting period.

Dates	Number of Options Granted Shares	Exercise price per option (USD)	Weighted Average Fair Value per Option at the Grant date price per option	Intrinsic Value per Option at the Grant Date	Type of Valuation
March 15, 2018 and July 1, 2018	36,461,500	$ 0.30	$ 0.52	$ 0.45	Contemporaneous

In determining the value of share options, the Company used the binomial option pricing model, with assistance from an independent third-party valuation firm. Under this option pricing model, certain assumptions, including the risk-free rare, the expected dividends on the underlying ordinary shares, and the expected volatility of the price of the underlying shares for the contractual term of the options are required in order to determine the fair value of the options.

The fair value of the option award is estimated based on the date of grant using the binomial option pricing model that uses the following assumptions:

	2018 Using binomial model
Risk-free interest rate (1)	2.82%
Volatility(2)	28%-55%
Expected term (in years) (3)	10
Exercise price(4)	$ 0.3
Dividend yield(5)	—
Fair value of underlying ordinary share(6)	$ 0.75

(1) *Risk-free interest rate*
Risk-free interest rate was estimated based on the yield to maturity of treasury bonds of the United States with a maturity period close to the expected life of the options.

(2) *Volatility*
The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical share price volatility of listed comparable companies over a period comparable to the expected term of the options.

(3) *Expected term*
For the options granted to employees, Kaixin estimated the expected term based on the vesting and contractual terms and employee demographics. For the options granted to non-employees, Kaixin estimated the expected term as the original contractual term.

(4) *Exercise price*
The exercise price of the options was determined by Kaixin.'s board of directors.

(5) *Dividend yield*
The dividend yield was estimated by Kaixin based on its expected dividend policy over the expected term of the options.

(6) *Fair value of underlying ordinary shares*
The estimated fair value of the ordinary shares underlying the options as of the valuation date was determined based on a contemporaneous valuation. When estimating the fair value of the ordinary shares on the valuation dates, management has considered a number of factors, including the result of a third party appraisal of Kaixin, while taking into account standard valuation methods and the achievement of certain events. The fair value of the ordinary shares in connection with the option grants on the valuation date was determined with the assistance of an independent third party appraiser.

Financing receivable

Financing receivable mainly represents receivables derived from Kaixin’s used car financing business. Financing receivable is recorded at amortized cost, reduced by a valuation allowance estimated as of the balance sheet dates. The amortized cost of a financing receivable is equal to the unpaid principal balance, plus net deferred origination costs. Net deferred origination costs are comprised of certain direct origination costs, net of origination fees received. Origination fees include fees charged to the individuals or companies that increase the financing’s effective yield. Direct origination costs in excess of origination fees received are included in the financing receivable and amortized over the financing term using the effective interest method. Financing origination costs are limited to direct costs attributable to originating the financing, including commissions and personnel costs directly related to the time spent by those individuals performing activities related to the origination.

Allowance for financing receivable

An allowance for financing receivable is established through periodic charges to the provision for financing receivable losses when Kaixin believes that the future collection of principal is unlikely.

Subsequent recoveries, if any, are recorded as credits against the allowance. Kaixin evaluates the creditworthiness of its portfolio based on a pooled basis due to the composition of homogeneous financing with similar size and general credit risk characteristics for similar financing businesses. Kaixin considers the creditworthiness of the companies receiving financing, aging of the outstanding financing receivable and other specific circumstances related to the financing when determining the allowance for financing receivable. The allowance is subjective as it requires material estimates including such factors as known and inherent risks in the financing portfolio, adverse situation that may affect the ability of the individuals and the companies receiving financing to repay and current economic conditions. Recovery of the carrying value of financing receivable is dependent to a great extent on conditions that are beyond Kaixin’s control.

Nonaccrual financing receivable

Financing income is calculated based on the contractual rate of the financing and recorded as financing income over the life of the financing using the effective interest method. Financing receivables are placed on non-accrual status upon reaching 90 days past due, or when reasonable doubt exists as to the full, timely collection of the financing receivable. When a financing receivable is placed on non-accrual status, Kaixin stops accruing financing income. The financing receivable is returned to accrual status if the related individual or company has performed in accordance with the contractual terms for a reasonable period of time and, in Kaixin’s judgment, will continue to make period principal and financing income payments as scheduled. Kaixin writes off its nonaccrual financing receivable by considering factors including, but not limited to the overdue days, the collection condition replied by third party collectors and the repayment willingness of the debtor.

Transfer of financial instruments

Sales and transfers of financial instruments are accounted under authoritative guidance for the transfers and servicing of financial assets and extinguishment of liabilities.

Through Kaixin’s peer-to-peer platforms and its plans, Kaixin identified individual investors and transfers creditors’ rights originated from the aforementioned financing services to the individual investors. Kaixin further offered different investment periods to investors with various annual interest rates while those credit rights are held by the investors. The terms of the sales require Kaixin to repurchase those creditors’ rights from investors prior to or upon the maturity of the investment period. As a result, the sales of those creditors’ rights are not accounted for as a sale and remain on Kaixin’s consolidated balance sheet and are recorded as payable to investors in Kaixin’s consolidated balance sheet.

Business combinations

Business combinations are recorded using the acquisition method of accounting. Kaixin elected to early adopt ASU 2017-01 *"Business Combination (Topic 805): Clarifying the Definition of a Business"* on January 1, 2017 and applied the new definition of a business prospectively for acquisitions made during the year ended December 31, 2017. The purchase price of the acquisition is allocated to the tangible assets, liabilities, identifiable intangible assets acquired and non-controlling interest, if any, based on their estimated fair values as of the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses and restructuring costs are expensed as incurred.

Where the consideration in an acquisition includes contingent consideration and the payment of which depends on the achievement of certain specified conditions post-acquisition, the contingent consideration is recognized and measured at its fair value at the acquisition date and if recorded as a liability, it is subsequently carried at fair value with changes in fair value reflected in earnings. As of December 31, 2018 and March 31, 2019, contingent consideration liability related to the used car dealers acquired during 2017 and 2018 amounted to US$105.7 million and US$126.1 million, respectively, and have been recorded as contingent consideration liability and long-term contingent consideration liability on Kaixin's consolidated balance sheet. Kaixin estimated the fair value of its contingent consideration by using a discounted cash flow method which incorporates significant unobservable inputs, including the projected future operating results, planned initial public offering date, discount rates, and probability of completion of an initial public offering as of December 31, 2018 and March 31, 2019.

Accounting Pronouncements Newly Adopted

Newly adopted accounting pronouncements for the three months ended March 31, 2019, that are relevant to Kaixin are included in note 2 to Kaixin's unaudited condensed consolidated financial statements, which are included in this Amendment No.1 to the Current Report on Form 8-K.

Recent Accounting Pronouncements Not Yet Adopted

Not yet adopted accounting pronouncements that are relevant to Kaixin are included in note 2 to Kaixin's unaudited condensed consolidated financial statements, which are included in Amendment No.1 to the Current Report on Form 8-K.

Item 3.02. Unregistered Sales of Equity Securities.

The information set forth in Item 3.02 of the Original Report is incorporated by reference as if fully set forth herein.

Item 5.01. Changes in Control of Registrant.

The information set forth in Item 5.01 of the Original Report is incorporated by reference as if fully set forth herein.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

The information set forth in Item 5.02 of the Original Report is incorporated by reference as if fully set forth herein.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The information set forth in Item 5.03 of the Original Report is incorporated by reference as if fully set forth herein.

Item 5.06. Change in Shell Company Status.

The information set forth in Item 5.06 of the Original Report is incorporated by reference as if fully set forth herein.

Item 8.01. Other Events.

The information set forth in Item 5.03 of the Original Report is incorporated by reference as if fully set forth herein.

Item 9.01. Financial Statement and Exhibits.

The information set forth in Item 9.01 of the Original Report is incorporated by reference as if fully set forth herein KAH is filing herewith the unaudited financial statements of Kaixin as of March 31, 2019 as Exhibit 99.4.

Exhibits. The following exhibits have been previously filed or have been filed as part of this Amendment No.1 to the Current Report on Form 8-K:

Exhibit No.	Description
2.1	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).
2.2*	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.
3.1*	Second Amended and Restated Memorandum and Articles of Association of Kaixin Auto Holdings, as adopted by a special resolution on April 24, 2019.
4.1	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).
4.2	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).
4.3	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).
4.4	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).
4.5	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).
4.6*	Convertible Loan Agreement among CM Seven Star Acquisition Corporation, Kaixin Auto Group and 58.com Holdings Inc., dated April 25, 2019.
10.1	Form of Indemnification Agreement between Kaixin Auto Holdings and its directors and executive officers (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.2	Loan Agreement between Shanghai Renren Automobile Technology Company Limited, James Jian Liu and Yang Jing (English Translation) (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.3	Loan Agreement between Shanghai Renren Automobile Technology Company Limited, Yi Rui and Thomas Jintao Ren, dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).

10.4	Exclusive Technology Support and Technology Services Agreement between Shanghai Renren Automobile Technology Company Limited and Shanghai Qianxiang Changda Internet Information Technology Development Co., Ltd., dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.5	Exclusive Technology Support and Technology Services Agreement between Shanghai Renren Automobile Technology Company Limited and Shanghai Jieying Automobile Sales Co., Ltd., dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.6	Equity Pledge Agreement concerning Shanghai Qianxiang Changda Internet Information Technology Development Co., Ltd among Shanghai Renren Automobile Technology Company Limited, James Jian Liu and Yang Jing, dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.7	Equity Pledge Agreement concerning Shanghai Jieying Automobile Sales Co., Ltd. among Shanghai Renren Automobile Technology Company Limited, Yi Rui and Thomas Jintao Ren, dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.8	Intellectual Property Right License Agreement between Shanghai Renren Automobile Technology Company Limited and Shanghai Qianxiang Changda Internet Information (English Translation) Technology Development Co., Ltd., dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.9	Intellectual Property Right License Agreement between Shanghai Renren Automobile Technology Company Limited and Shanghai Jieying Automobile Sales Co., Ltd., dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.10	Business Operations Agreement among Shanghai Renren Automobile Technology Company Limited, Yi Rui, Thomas Jintao Ren and Shanghai Jieying Automobile Sales Co., Ltd., dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.11	Business Operations Agreement among Shanghai Renren Automobile Technology Company Limited, James Jian Liu, Yang Jing and Shanghai Qianxiang Changda Internet Information Technology Development Co., Ltd., dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.12	Equity Option Agreement concerning Shanghai Qianxiang Changda Internet Information Technology Development Co., Ltd among Shanghai Renren Automobile Technology Company Limited, James Jian Liu and Yang Jing, dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.12 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.13	Equity Option Agreement concerning Shanghai Jieying Automobile Sales Co., Ltd. among Shanghai Renren Automobile Technology Company Limited, Yi Rui and Thomas Jintao Ren, dated August 18, 2017 (English Translation) (incorporated by reference to Exhibit 10.13 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.14	Automobile Consumer Loan Cooperation (Framework) Agreement between Ping An Bank Co., Ltd. Shanghai Branch and Shanghai Jieying Automobile Sales Co., Ltd., dated April 17, 2017 (English Translation) (incorporated by reference to Exhibit 10.14 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.15	Supplementary Agreement of Auto Consumer Loan Cooperation (Framework) Agreement between Ping An Bank Co., Ltd. Shanghai Branch and Shanghai Jieying Automobile Sales Co., Ltd., dated June 1, 2017 (English Translation) (incorporated by reference to Exhibit 10.15 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.16	Form of Equity Purchase Agreement (English Translation) (incorporated by reference to Exhibit 10.16 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).

10.17	Form of Supplement to Equity Purchase Agreement (English Translation) (incorporated by reference to Exhibit 10.17 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.18	Form of Used Vehicle Purchase Agreement (English Translation) (incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.19	Form of Used Vehicle Agency Services Agreement (English Translation) (incorporated by reference to Exhibit 10.19 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.20	Form of Vehicle Consignment Agreement (English Translation) (incorporated by reference to Exhibit 10.20 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.21	Form of Loan and Service Agreement (English Translation) (incorporated by reference to Exhibit 10.21 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.22	Form of Used Vehicle Sales Agreement (English Translation) (incorporated by reference to Exhibit 10.22 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.23	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).
10.24	Master Transaction Agreement among Renren Inc. CM Seven Star Acquisition Corporation and Kaixin Auto Group, dated April 30, 2018 (incorporated by reference to Exhibit 10.24 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.25	Non-Competition Agreement between Renren Inc. and Kaixin Auto Group, dated April 30, 2018 (incorporated by reference to Exhibit 10.25 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.26	Transitional Services Agreement between Renren Inc. and Kaixin Auto Group, dated April 30, 2018 (incorporated by reference to Exhibit 10.26 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.27	Investor Rights Agreement among CM Seven Star Acquisition Corporation, Shareholder Value Fund and Renren Inc., dated April 30, 2018 (incorporated by reference to Exhibit 10.27 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.28	Escrow Agreement concerning earnout shares among Renren Inc., CM Seven Star Acquisition Corporation and Vistra Corporate Services (HK) Limited, an escrow agent, dated April 30, 2018 (incorporated by reference to Exhibit 10.28 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.29	2018 Kaixin Auto Group Equity Incentive Plan (incorporated by reference to Exhibit 10.29 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
10.30	2019 Kaixin Auto Holdings Equity Incentive Plan (incorporated by reference to Exhibit 10.30 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
99.1	Press Release dated May 1, 2019 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
99.2	Audited Financial Statements of Kaixin Auto Group for the year ended December 31, 2018 (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
99.3	Pro-Forma Financial Information for the year ended December 31, 2018 (incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K (File No. 001-38261) filed with the SEC on May 6, 2019).
99.4*	Unaudited Financial Statements of Kaixin Auto Group for the three months ended March 31, 2019

*** filed herewith**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 15, 2019

KAIXIN AUTO HOLDINGS

By: /s/ Thomas Jintao Ren
Name: Thomas Jintao Ren
Title: Chief Financial Officer

Exhibit 2.2

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 ACQUISITION CORPORATION

By: ______________________________
Name: Sing Wang
Title: CEO & Director

Acknowledged and Agreed :

KAIXIN AUTO GROUP

By: ______________________________
Name: Joseph Chen
Title: Chairman

RENREN INC.

By: ______________________________
Name: James Jian Liu
Title: Director and Secretary

SHAREHOLDER VALUE FUND

By: ______________________________
Name: David Egglishaw
Title: Director

[*Signature page to waiver letter*]

Exhibit 3.1

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.

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

Dated this 1st day of May 2019

GENERAL REGISTRY
CAYMAN ISLANDS

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

www.verify.gov.ky File#: 317655

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.

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.

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;

"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;

“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;

“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:

(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

(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;

“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;

“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;

“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.

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;

(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;

(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).

(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;

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);

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.

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.

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

(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.

(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.

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.

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.

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.

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.

(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.

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.

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.

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.

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.

(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.

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.

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.

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.

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.

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.

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.

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.

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.

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

(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 depositary of the Company for the purposes of the issue, allotment and delivery by any depositary 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.

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.

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.

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.

Exhibit 4.6

EXECUTION VERSION

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 additional 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:

<u>Kaixin</u>:
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

<u>CM Seven Star</u>:
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

<u>The Investor</u>:
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 delivered.

KAIXIN AUTO GROUP

By: ______________________

Name : Thomas Ren
Title : CFO

CM SEVEN STAR ACQUISITION CORPORATION

By: ______________________

Name : Sing Wang
Title : CEO & Director

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

58.COM HOLDINGS INC.

By: ____________________

Name: ____________________

Title : ____________________

SCHEDULE A

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.

Exhibit 99.4

KAIXIN AUTO GROUP

FINANCIAL STATEMENTS

KAIXIN AUTO GROUP

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands of US dollars, except share and per share data, or otherwise noted)

	As of December 31, 2018	As of March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,950	$ 4,005
Restricted cash	5,818	5,960
Accounts receivable	1,480	2,241
Financing receivable (net of allowances of $6,365 and $6,470 as of December 31, 2018 and March 31, 2019, respectively)	3,486	3,259
Prepaid expenses and other current assets	38,714	46,110
Inventory	57,950	45,488
Total current assets	115,398	107,063
Goodwill	75,021	76,858
Property and equipment, net	813	727
Right-of-use lease assets	—	5,088
Total non-current assets	75,834	82,673
TOTAL ASSETS	$ 191,232	$ 189,736
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable (including accounts payable of the consolidated VIEs without recourse to Kaixin Auto Group of $4,675 and $4,982 as of December 31, 2018 and March 31, 2019, respectively)	$ 4,975	$ 5,142
Convertible loan	—	20,000
Short-term debt (including short-term debt of the consolidated VIEs without recourse to Kaixin Auto Group of $29,816 and $21,084 as of December 31, 2018 and March 31, 2019, respectively)	49,887	26,746
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to Kaixin Auto Group of $8,030 and $9,491, as of December 31, 2018 and March 31, 2019, respectively)	10,644	10,945
Short-term lease liabilities (including short-term lease liabilities of the consolidated VIEs without recourse to Kaixin Auto Group of $nil and $ 1,351 as of December 31, 2018 and March 31, 2019, respectively)	—	1,896
Amounts due to related parties (including amount due to related parties of the consolidated VIEs without recourse to Kaixin Auto Group of $6,683 and $6,757 as of December 31, 2018 and March 31, 2019, respectively)	78,108	77,613
Advance from customers (including advance from customers of the consolidated VIEs without recourse to Kaixin Auto Group of $4,078 and $862 as of December 31, 2018 and March 31, 2019, respectively)	4,078	862
Contingent consideration (including contingent consideration of the consolidated VIEs without recourse to Kaixin Auto Group of $11,929 and $14,250 as of December 31, 2018 and March 31, 2019, respectively)	11,929	14,250
Income tax payable (including income tax payable of the consolidated VIEs without recourse to Kaixin Auto Group of $6,845 and $7,315 as of December 31, 2018 and March 31, 2019, respectively)	7,590	8,127
Total current liabilities	167,211	165,581
Long-term liabilities:		
Long-term contingent consideration (including long-term contingent consideration of the consolidated VIEs without recourse to Kaixin Auto Group $88,098 and $105,097 as of December 31, 2018 and March 31, 2019, respectively)	93,741	111,829
Long-term lease liabilities (including long-term lease liabilities of the consolidated VIEs without recourse to Kaixin Auto Group $nil and $ 2,920 as of December 31, 2018 and March 31, 2019, respectively)	—	2,920
Total non-current liabilities	93,741	114,749
TOTAL LIABILITIES	$ 260,952	$ 280,330
Deficit		
Ordinary shares, 800,000,000 shares authorized at par value of $0.0001 each, 160,000,000 and 160,000,000 shares issued and outstanding as of December 31, 2018 and March 31, 2019, respectively	$ 16	$ 16
Additional paid-in capital	38,561	38,928
Accumulated deficit	(146,073)	(165,581)
Subscription receivable	(16)	(16)
Statutory reserves	4,004	4,004
Accumulated other comprehensive income	1,382	991
Total Kaixin Auto Group's deficit	(102,126)	(121,658)
Non-controlling interest	32,406	31,064
Total deficit	(69,720)	(90,594)
TOTAL LIABILITIES AND DEFICIT	$ 191,232	$ 189,736

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

KAIXIN AUTO GROUP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of US dollars, except share and per share data, or otherwise noted)

	For the three-month periods ended March 31, 2018	2019
Net revenues:		
Automobile sales	$ 92,856	$ 102,620
Financing income	2,123	—
Others	2,352	2,026
Total net revenues	97,331	104,646
Cost of revenues:		
Automobile sales	88,277	98,472
Cost of financing income	2,178	—
Others	53	57
Total cost of revenues	90,508	98,529
Gross profit	6,823	6,117
Operating expenses:		
Selling and marketing	6,767	4,359
Research and development	1,152	974
General and administrative	10,129	2,817
Total operating expenses	18,048	8,150
Loss from operations	(11,225)	(2,033)
Other income	215	1,102
Fair value change of contingent consideration	(7,139)	(17,733)
Interest income	339	43
Interest expenses	(1,129)	(630)
Loss before provision of income tax and noncontrolling interest, net of tax	(18,939)	(19,251)
Income tax expenses	(876)	(365)
Loss from continuing operations	$ (19,815)	$ (19,616)
Discontinued operations:		
Loss from discontinued operations, net of taxes of $nil and $nil For the three months ended March 31, 2018 and 2019	(1,279)	—
Net loss	(21,094)	(19,616)
Net loss attributable to the non-controlling interest	(20)	(108)
Net loss from continuing operations attributable to Kaixin Auto Group	(19,795)	(19,508)
Net loss from discontinued operations attributable to Kaixin Auto Group	(1,279)	—
Net loss attributable to Kaixin Auto Group	$ (21,074)	$ (19,508)

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

KAIXIN AUTO GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands of US dollars, except share and per share data, or otherwise noted)

	For the three-month periods ended March 31, 2018	2019
Net loss per share:		
Net loss per share from continuing operations attributable to Kaixin Auto Group:		
Basic and diluted	$ (0.12)	(0.12)
Net loss per share from discontinued operations attributable to Kaixin Auto Group:		
Basic and diluted	$ (0.01)	—
Net loss per share attributable to Kaixin Auto Group:		
Basic and diluted	$ (0.13)	(0.12)
Weighted average number of shares used in calculating net loss per share from continuing operations attributable to Kaixin Auto Group:		
Basic and diluted	160,000,000	160,000,000
Weighted average number of shares used in calculating net loss income per share from discontinued operations attributable to Kaixin Auto Group:		
Basic and diluted	160,000,000	160,000,000

KAIXIN AUTO GROUP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands of US dollars, except share and per share data, or otherwise noted)

	For the three-month periods ended March 31,	
	2018	**2019**
Net loss	$ (21,094)	$ (19,616)
Other comprehensive income, net of tax:		
Foreign currency translation	2,061	(391)
Other comprehensive income (loss)	2,061	(391)
Comprehensive loss	(19,033)	(20,007)
Less: Comprehensive income attributable to noncontrolling interest	1,425	749
Comprehensive loss attributable to Kaixin Auto Group	$ (20,458)	$ (20,756)

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

KAIXIN AUTO GROUP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(In thousands of US dollars, except share and per share data, or otherwise noted)

	Ordinary shares		Subscription	Additional paid-in	Accumulated	Statutory	Accumulated other comprehensive income	Total Kaixin Auto Group's	Non-controlling	Total equity
	Shares	Amount	receivable	capital	Deficit	reserves	(loss)	Equity (deficit)	interest	(deficit)
Balance at January 1, 2018	160,000,000	$ 16	$ (16)	$ 18,654	$ (56,858)	$ 4,004	$ 978	$ (33,222)	$ 34,653	$ 1,431
Stock-based compensation	—	—	—	6,850	—	—	—	6,850	—	6,850
Other comprehensive income	—	—	—	—	—	—	616	616	1,445	2,061
Contribution from Renren Inc.	—	—	—	588	—	—	—	588	—	588
Noncontrolling interest arising from acquisitions	—	—	—	—	—	—	1,445	1,445	723	2,168
Capital contribution from non-controlling interest shareholders	—	—	—	4,311	—	—	—	4,311	3,232	7,543
Net loss	—	—	—	—	(21,074)	—	—	(21,074)	(20)	(21,094)
Balance at March 31, 2018	160,000,000	$ 16	$ (16)	$ 30,403	$ (77,932)	$ 4,004	$ 3,039	$ (40,486)	$ 40,033	$ (453)
Balance at January 1, 2019	160,000,000	$ 16	$ (16)	$ 38,561	$ (146,073)	$ 4,004	$ 1,382	$ (102,126)	$ 32,406	$ (69,720)
Stock-based compensation	—	—	—	526	—	—	—	526	—	526
Other comprehensive income	—	—	—	—	—	—	(1,248)	(1,248)	857	(391)
Termination of after-sales service center	—	—	—	(81)	—	—	63	(18)	(749)	(767)
Purchase Non-controlling interest	—	—	—	(187)			(48)	(235)	(1,342)	(1,577)
Noncontrolling interest arising from prior year acquisitions	—	—	—	—	—	—	842	842	—	842
Contribution from Renren Inc.	—	—	—	109	—	—	—	109	—	109
Net loss	—	—	—	—	(19,508)	—	—	(19,508)	(108)	(19,616)
Balance at March 31, 2019	160,000,000	$ 16	$ (16)	$ 38,928	$ (165,581)	$ 4,004	$ 991	$ (121, 658)	$ 31,064	$ (90,594)

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

KAIXIN AUTO GROUP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, or otherwise noted)

	For the three-month periods ended March 31, 2018	2019
Cash flows from operating activities:		
Net loss	$ (21,094)	$ (19,616)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	13	64
Share-based compensation	7,416	635
Provision for financing receivable losses	—	(59)
Provision for inventory	—	(74)
Fair value change of contingent consideration	10,265	17,733
Loss on disposal of equipment	—	46
Changes in operating assets and liabilities:		
Accounts receivable	262	(575)
Inventory	611	12,404
Prepaid expenses and other assets	(7,272)	(12,289)
Accounts payable	(1,734)	80
Amounts due from/to related parties	8,647	—
Accrued expenses and other liabilities	1,607	4,851
Payable to investors	(516)	—
Advance from customers	3,335	(3,299)
Income tax payable	876	365
Net cash provided by operating activities	2,416	266
Cash flows from investing activities:		
Proceeds from principal repayments of financing receivable	83,005	223
Payments to provide financing receivable	(5)	—
Purchases of property and equipment	(79)	(5)
Proceeds from disposal of equipment	1	—
Acquisition of subsidiaries	(6,682)	—
Net cash provided by investing activities	76,240	218
Cash flows from financing activities:		
Proceeds from investors	54,987	—
Payment to investors	(147,904)	—
Repayment of borrowings	(1,574)	(25,205)
Proceeds from borrowings	34,154	20,964
Repayment of loans from related parties	(32,545)	(107,942)
Proceeds from loans from related parties	8,019	107,582
Capital contribution by noncontrolling shareholders	7,653	
Net cash used in financing activities	(77,210)	(4,601)
Net increase (decrease) in cash and cash equivalents	1,446	(4,117)
Cash and cash equivalents and restricted cash at beginning of period	64,447	13,768
Effect of exchange rate changes	2,635	314
Cash and cash equivalents and restricted cash at end of period	$ 68,528	$ 9,965
Supplemental schedule of cash flows information:		
Interest paid	$ 2,316	$ 828
Schedule of non-cash activities:		
Contingent consideration	1,696	—
Reconciliation to amounts on consolidated balance sheets:		
Cash and cash equivalents	$ 19,061	$ 4,005
Restricted cash	49,467	5,960
Total cash, cash equivalents, and restricted cash	$ 68,528	$ 9,965

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

(In thousands of US dollars, except share and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Kaixin Auto Group ("Kaixin Auto"), formerly known as Renren Jinkong and Renren Auto, was founded in 2011 and was incorporated in the Cayman Islands. Prior to the reorganization discussed in Note 1 in the Company's audited consolidated financial statements for the three years ended December 31, 2018, Kaixin Auto's operations were insignificant. Renren Inc. (the "Parent" or "Renren") is the Company's parent company. Renren is primarily engaged in the operations of a used car trading business. The Company, its consolidated subsidiaries, variable interest entities ("VIEs") and VIEs' subsidiaries (collectively referred to as the "Company") is primarily engaged in the operation of used car sales business.

Share exchange with Kaixin Auto Holdings ("KAH", formerly CM Seven Star Acquisition Corporation)

On November 2, 2018, the Company, Renren and KAH (former NASDAQ ticker: CMSS) agreed to a business combination under the terms of a definitive share exchange agreement (the "Business Combination"). The business combination was consummated on April 30, 2019. The following transactions were executed pursuant to the definitive share exchange agreement:

- In the fourth quarter of 2018, Kaixin transferred its equity interests in Shandong Jieying Huaqi Auto Service Co. along with the relevant assets and liabilities to Renren for a consideration of approximately RMB133.8 million (US$20.0 million);

- In January 2019, Kaixin Auto entered into amendment agreements with the dealership and after-sales service center operators that allowed Kaixin Auto to settle the contingent consideration related to the acquisitions of dealerships and after-sales service centers, by using shares of KAH.

  On April 30, 2019, KAH acquired 100% of the issued and outstanding shares of the Company from Renren in exchange for an initial consideration of approximately 28.3 million of KAH shares upon consummation of the Business Combination;

- On April 30, 2019, all the options granted under the Kaixin Auto Group 2018 Plan were cancelled and replaced by the awards under KAH upon the consummation of the Business Combination;

- On April 30, 2019, Renren waived all the outstanding loans and receivables from Kaixin and/or Kaixin's subsidiaries without recourse by Renren or any of Renren's subsidiaries upon consummation of the Business Combination. In addition, Renren agreed to assume and be responsible for all the obligations and considerations due to the dealership and after-sales service center operators upon consummation of the Business Combination.

The VIE arrangements

For more information regarding the Company's VIE arrangements, please refer to Note 1 in the Company's audited consolidated financial statements for the three years ended December 31, 2018.

The following financial statement balances and amounts of the Company's VIEs were included in the accompanying unaudited condensed consolidated financial statements after elimination of intercompany balances and transactions between the offshore companies, WFOE, VIEs and VIEs' subsidiaries. As of December 31, 2018 and March 31, 2019, the balance of the amount payable by the VIEs and their subsidiaries to the WFOE related to the service fees were $ nil.

	As of December 31, 2018	As of March 31, 2019
Cash and cash equivalents	$ 6,318	$ 3,047
Accounts receivable, net	3,026	2,240
Inventory	57,859	45,456
Prepaid expenses and other current assets	27,123	44,991
Total current assets	94,326	95,734
Goodwill	64,365	65,941
Property and equipment, net	155	146
Right-of-use assets	—	4,542
Total non-current assets	64,520	70,629
Total assets	$ 158,846	$ 166,363
Accounts payable	$ 4,675	$ 4,982
Short-term debt	29,816	21,084
Accrued expenses and other current liabilities	8,030	9,491
Short-term lease liabilities	—	1,351
Amounts due to related parties	6,683	6,757
Advance from customers	4,078	862
Contingent consideration	11,929	14,250
Income tax payable	6,845	7,315
Total current liabilities	72,056	66,092

Long-term contingent consideration	88,098	105,097
Long-term lease liabilities	—	2,920
Total non-current liabilities	88,098	108,017
Total liabilities	$ 160,154	$ 174,109

(In thousands of US dollars, except share and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (cont.)

The VIE arrangements *(cont.)*

	For the three-month periods ended March 31,	
	2018	2019
Net revenues	$ 95,525	$ 104,645
Net loss	$ (7,766)	$ (16,558)
Loss (income) from discontinued operations	$ (1,279)	$ —

	For the three-month periods ended March 31,	
	2018	2019
Net cash provided by (used in) operating activities	$ 3,688	$ (8,823)
Net cash provided by (used in) investing activities	$ 4	$ (5)
Net cash provided by financing activities	$ 2,572	$ 5,558

The VIEs contributed an aggregate of 98.1% and 100% of the consolidated net revenues for the three months ended March 31, 2018 and 2019, respectively. As of the year ended December 31, 2018 and March 31, 2019, the VIEs accounted for an aggregate of 83.1% and 87.7%, respectively, of the consolidated total assets, and 61.4%, and 62.1%, respectively, of the consolidated total liabilities. The assets not associated with the VIEs primarily consist of cash and cash equivalents, restricted cash and financing receivable.

There are no consolidated VIEs’ assets that are collateral for the VIEs’ obligations and can only be used to settle the VIEs’ obligations. There are no creditors (or beneficial interest holders) of the VIEs that have recourse to the general credit of the Company or any of its consolidated subsidiaries. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests, which require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs ever need financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIEs through loans to the shareholders of the VIEs or entrustment loans to the VIEs.

Relevant PRC laws and regulations restrict the VIEs from transferring a portion of its net assets, equivalent to the balance of its statutory reserve and its share capital, to the Company in the form of loans and advances or cash dividends. Please refer to Note 16 for disclosure of restricted net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Security and Exchange Commission and accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial reporting. Certain information and footnote disclosures normally included in financial statements prepared in conformity with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these statements should be read in conjunction with the Company's audited consolidated financial statements for the three years ended December 31, 2018.

In the opinion of the management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments, which are necessary for a fair presentation of financial results for the interim periods presented. The Company believes that the disclosures are adequate to make the information presented not misleading. The accompanying unaudited condensed consolidated financial statements have been prepared using the same accounting policies as used in the preparation of the Company's consolidated financial statements for each of three years ended December 31, 2018. The results of operations for the three-month periods ended March 31, 2018 and 2019 are not necessarily indicative of the results for the full years.

The financial information as of December 31, 2018 presented in the unaudited condensed consolidated financial statements is derived from the audited consolidated financial statements for the year ended December 31, 2018.

Liquidity

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Company's ability to generate cash flows from operations, and the Company's ability to arrange adequate financing arrangements, including the support from its Parent to support its working capital requirements.

As of March 31, 2019, the Company had negative working capital of $58,518, a shareholders' deficit of $121,658, including an accumulated deficit of $165,581. For the three months ended March 31, 2019, the Company incurred losses from operations amounting to $19,616 and generated negative cash flows from operating activities amounting to $266. Prior to the consideration of management's plans articulated below, these factors raise substantial doubt about the Company's ability to continue as a going concern for the foreseeable future. Subsequent to March 31, 2019, the Company and KAH have entered into the following agreements, which mitigate these factors:

- In April 2019, 58.com Holdings Inc. ("58.com"), KAH and the Company entered into a convertible loan agreement pursuant to which 58.com has agreed to invest US$1 million into Kaixin. The proceeds from the loan were received on April 30, 2019.
- In April 2019, the Company entered into a long-term borrowing agreement with East West Bank for a total credit up to US$7.3 million. The loan bears an annual interest rate of 5.22%, and has a loan period of eighteen months.

  On April 12, 2019, US$5.8 million had been extended to the Company by East West Bank, and the Company will be able to further utilize the remaining credit of U$1.5 million as needed during the loan period.

In addition to the above, the Company considered the following:

- On April 30, 2019, Renren waived all the outstanding loans and receivables from Kaixin and/or Kaixin's subsidiaries without recourse by Renren or any of Renren's subsidiaries amounting to US$ 75.6 million upon the consummation of the Business Combination.
- On May 6, 2019, the Company obtained a binding letter of financial support from Renren, whereas Renren agreed to provide continuing financial support to enable the Company to meet in full the financial obligations as they fall due from a period of twelve months from May 6, 2019.
- Kaixin is in the process of requesting certain of their short-term loans to be extended.
- Kaixin has the ability through inventory management techniques to raise additional liquidity.
- Kaixin's current liabilities balance at March 31, 2019 included $14,250 of contingent consideration which has subsequently been assumed by Renren as further disclosed in Note 1.

As a result of the above activities and plans, the Company believes that it will have adequate sources of liquidity and capital resources to support its daily operations for the next 12 months after the issuance of the consolidated financial statements.

Principles of consolidation

The consolidated financial statements of the Company include the financial statements of Kaixin Auto Group, its subsidiaries, its VIEs and VIEs' subsidiaries. All inter-companies transactions and balances are eliminated upon consolidation.

Leases

The Company leases administrative office spaces and dealership premises in different cities in the PRC under operating leases. The Company determines whether an arrangement constitutes a lease and records lease liabilities and right-of-use assets on its consolidated balance sheets at the lease commencement. The Company measures its lease liabilities based on the present value of the total lease payments not yet paid discounted based on the more readily determinable of the rate implicit in the lease or its incremental borrowing rate, which is the estimated rate the Company would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease. The Company estimates its incremental borrowing rate based on an analysis of publicly traded debt securities of companies with credit and financial profiles similar to its own. The Company measures right-of-use assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Company begins recognizing rent expense when the lessor makes the underlying asset available to the Company. The Company's leases have remaining lease terms of up to ten years, some of which include options to extend the leases for an additional period which has to be agreed with the lessors based on mutual negotiation. After considering the factors that create an economic incentive, the Company did not include renewal option periods in the lease term for which it is not reasonably certain to exercise.

For short-term leases, the Company records rent expense in its consolidated statements of operations on a straight-line basis over the lease term and record variable lease payments as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 the reported amounts of revenues and expenses in the financial statements and accompanying notes. Significant accounting estimates reflected in the Company's consolidated financial statements include, but are not limited to, revenue recognition, allowance for financing receivable, calculation of right-of-use assets and lease liabilities, deferred tax valuation allowance, income taxes, value-added taxes, impairment of goodwill, cost allocation, the purchase price allocation associated with business combinations and the fair value of contingent consideration related to business acquisitions.

Inventory

Inventory consists of the purchased used and new automobiles. Inventory is stated at the lower of cost or net realizable value. Inventory cost is determined by specific identification. Net realizable value is the estimated selling price less costs to complete, dispose and transport the vehicles. Selling prices are derived from historical data and trends, such as sales price and inventory turn times of similar vehicles, as well as independent, market resources. Each reporting period, the Company recognizes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value through cost of sales in the accompanying consolidated statements of operations.

Inventory write-downs are established based on management's review on a vehicle-by-vehicle basis for slow moving and obsolete items. On a quarterly basis, the management examines an inventory report. The vehicle is considered slow moving if it has not been sold within a 90 days period since procurement, in light of the Company's average inventory turnover days during the year ended December 31, 2018, and three month ended March 31, 2019, were 63 days and 48 days, respectively. In estimating the level of inventory write-downs for slow moving vehicles, the Company considers historical data and forecasted customer demand, such as sales price and inventory turn times of similar vehicles with similar mileage and condition, as well as independent, market information. This valuation process requires management to make judgements, based on currently available information, and assumptions about future demand and market conditions, which are inherently uncertain. To the extent that there are significant changes to estimated vehicle selling prices or decreases in demand for used vehicles, there could be significant adjustment to reflect inventory at net realizable value.

(In thousands of US dollars, except share and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Revenue recognition

The Company recognizes revenue when control of the good or service has been transferred to the customer, generally either at the time of sale or upon delivery to a customer. The contracts have a fixed contract price and revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company collect value added tax and other taxes from customers on behalf of governmental authorities at the time of sale. These taxes are accounted for on a net basis and are not included in net sales and operating revenues or cost of sales. The Company generally expense sales commissions when incurred because the amortization period would have been less than one year. These costs are recorded within selling expenses. The Company does not have any significant financing payment terms as payment is received at or shortly after the point of sale.

Disaggregation of Revenue

Automobile sales mainly related to sales of used car. Financing income related to revenue generated from its used car financing services, which has been excluded from the scope of the ASC 606 as it represents revenue within the scope of ASC 310, Receivables. Other revenue mainly included commission received by the Company from insurance companies for its facilitating services.

	For the three-month periods ended March 31,	
	2018	**2019**
Automobile sales	$ 92,856	$ 102,620
Financing income	2,123	—
Others	2,352	2,026
Total	$ 97,331	$ 104,646

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Automobile sales

The Company purchases automobiles from unrelated individuals, third party dealerships or manufacturers and suppliers and sells them directly to its customers through its local dealer shops. The prices of used vehicles are set forth in the customer contracts which are agreed prior to delivery. The Company satisfies its performance obligation for used vehicle sales upon delivery when the transfer of title, risks and awards of ownership and control pass to the owner. The Company recognizes revenue at the agreed upon purchase price stated in the contract, including any delivery charges. When cash is received from customers prior to delivery of the vehicle, the Company records such cash as advance from customers in its consolidated balance sheet, which is immaterial as of March 31, 2019.

Used car financing

The Company generates revenue from its financing services business primarily through financing provided to third party used car dealers. Specifically, the Company provides short-term financing services to third party used car dealers to fund the car dealers' cash needs for used car purchasing. The financing period is no more than six months and is secured by a pledge of the dealers' used car with total value exceeding the principal of the financing. The Company charges a one-time upfront service fee as well as financing income on a monthly basis. The Company records financing income and service fees related to those services over the life of the underlying financing using the effective interest method on the unpaid principal amounts. The service fees collected upfront, netting the direct origination costs of the financing, are deferred and recognized as financing income as an adjustment to the yield on a straight line basis over the life of the used car financing.

Other revenue

The Company's other revenues mainly include revenue generated from agency fees in connection with arrangement with third party dealers whereas the company facilitates sales of their cars. The Company does not control the ownership of the automobiles, but rather is acting as an agent for the third party dealers. Revenue is recognized for the net amount of commission the Company is entitled to retain in exchange for the agency service. The revenue recognized in the first three months of 2018 is immaterial. Other revenues also includes commissions received by the Company from insurance companies and banks for its facilitation services provided to assist customers obtaining related insurance and financing for their automobile purchases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Value added taxes

Value-added tax ("VAT") is reported as a deduction to revenue when incurred and amounted to $5,578 and $640 for the three-month period ended March 31, 2018 and 2019, respectively. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in accrued expense and other current liabilities on the consolidated balance sheet.

In 2018, the Company entered into a series of ancillary agreements to facilitate its sale of used cars for value-added tax optimization purposes. Under these ancillary agreements, when the Company sources a used car, the legal title of the car is transferred to a Shanghai Jieying's executive, and the registration is transferred to the name of one of the dealership's employees. The Company viewed itself as a service provider in the used car transactions, and therefore is only subject to value-added tax on the difference between the original purchase price and the retail price of the used cars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Newly adopted accounting pronouncements

In February 2016, the FASB amended the existing accounting standards for leases, ASU 2016-02, Leases. The amendments require lessees to recognize, on the balance sheet, assets and liabilities for the rights and obligations created by leases of greater than twelve months. The accounting by lessors will remain largely unchanged from that applied under previous U.S. GAAP. The Company is required to adopt the amendments in the first quarter of fiscal 2019, with early adoption permitted.

The Company adopted the new standards in the first quarter of 2019, effective January 1, 2019, using the optional transition method, under which the new standards were applied prospectively, versus restating the prior periods presented. The Company elected the practical expedients under the transition guidance which includes the use of hindsight in determining the lease term and the practical expedient package to not reassess whether any expired or existing contracts are or contain leases, to not reassess the classification of any expired or existing leases, and to not reassess initial direct costs for any existing leases. The Company has elected not to record on the balance sheet leases with an initial term of twelve months or less. Upon adoption the Company recognized both a right-of-use assets and corresponding lease liabilities of approximately $5,088 and $4,816, respectively, on the balance sheet. The difference between the right-of-use assets and lease liabilities was due to prepaid rent. There was no impact on the income statement.

Recent accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. Organizations will continue to use judgment to determine which loss estimation method is appropriate for their circumstances. The ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The ASU is effective for SEC filers for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early application will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Companies are required to apply the amendments of this ASU using a modified retrospective approach through a cumulative effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. A prospective transition approach is required for debt securities for which an other-than temporary impairment has been recognized before the effective date. The Company is currently evaluating the impact on its consolidated financial statements of adopting this guidance.

In January 2017, the FASB issued ASU 2017-04: Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. To simplify the subsequent measurement of goodwill, the Board eliminated Step 2 from the goodwill impairment test. Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity should apply the amendments in this Update on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. A public business entity should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of this guidance will have a significant effect on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 related to disclosure requirements for fair value measurements. The pronouncement eliminates, modifies and adds disclosure requirements for fair value measurements. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company is currently in the process of evaluating the effects of this pronouncement on our consolidated financial statements, including potential early adoption.

In October 2018, the FASB issued ASU 2018-17, Consolidation (Topic 810): Targeted Improvements to the Related Party Guidance for Variable Interest Entities. ASU 2018-17 changes how entities evaluate decision-making fees under the variable interest entity guidance. To determine whether decision-making fees represent a variable interest, an entity considers indirect interests held through related parties under common control on a proportional basis, rather than in their entirety. This guidance will be adopted using a retrospective approach and is effective for the Company on January 1, 2020. The Company is evaluating the effect that adoption of this guidance will have on its consolidated financial statements and related disclosures.

3. SIGNIFICANT RISKS AND UNCERTAINTIES

Foreign currency risk

The Renminbi ("RMB") is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. Cash and cash equivalents of the Company included aggregate amounts of $7,879 and $3,992 at December 31, 2018 and March 31, 2019, respectively, which were denominated in RMB.

Concentration of credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, cash equivalents, accounts receivable, financing receivable and amounts due from related parties. The Company places their cash and cash equivalents, with financial institutions with high-credit ratings and quality. The Company conducts credit evaluations of customers in financing business, and requires collateral or other security from the customers for most of its financing receivable.

There were no customers that accounted for 10% or more of total net revenue for the three months ended March 31, 2018 and 2019.

No customers accounted for 10% or more of the balance of accounts receivable or financing receivable as of December 31, 2018 and March 31, 2019.

(In thousands of US dollars, except share and per share data, or otherwise noted)

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Note	As of December 31, 2018	As of March 31, 2019
Advances to third parties	(i)	$ 30,545	$ 37,410
Prepaid expenses		2,013	967
Deposits		172	169
Funds receivable	(ii)	374	917
Other receivable	(iii)	362	226
Advance to employees	(iv)	2,812	4,211
Other current assets		2,436	2,210
Total		$ 38,714	$ 46,110

(i) Advances to third parties mainly represents cash advanced to third party dealerships for car purchase. Specifically, some of the advances to third parties relates to consignment sales, in which the Company acts as an agent and assists other third party dealerships in the sale of their cars by allowing them to move their cars to the Company's own lot. The Company pays those third party dealerships an advance amounting to the value of the car. The Company agrees to market those cars and if successfully sold, receives a commission from those third party dealerships. The Company does not take title to the cars and merely acts as an agent. The advance is subsequently settled either (1) when the car is sold by the Company or (2) if the car is not sold, the cash is remitted back to the Company by the third party dealership. The balance was substantially collected after March 31, 2019 and the commission earned from the above arrangements is immaterial for the three months ended March 31, 2018 and 2019.

(ii) Funds receivable mainly represents balances paid by individuals that are held at a third party electronic payment channel as of December 31, 2018 and March 31, 2019. The balances were collected subsequent to period ends.

(iii) Other receivable mainly represents cash advanced to customers of third party dealerships for purchase of cars for which loans were approved by a bank but for which the customers have not yet received the cash. The amount was subsequently collected by the Company after periods end.

(iv) Advance to employees represents cash advanced to employees mainly for purchasing used cars on behalf of the Company.

5. CONVERTIBLE LOAN

On January 26, 2019, the Company, KAH and an investor entered into a convertible loan agreement pursuant to which the investor agreed to invest US$23 million into Kaixin with interest payable at the loan interest rate of 4.35% 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. In the event the conversion is consummated before the maturity date, which is the earlier of May 31, 2019 or the termination date the Business Combination, any accrued interest will be waived and will not be payable.

US$20 million of the loan was advanced to the Company on January 28, 2019, and the remaining US$3 million is to be advanced to the Company on January 31, 2020. Upon completion of the Business Combination on April 30, 2019, amounts outstanding US$20 million under the convertible loan was converted into units of KAH at a conversion price of US$10.00 per unit, each unit consisting of one and one tenths ordinary shares and one half of a redeemable warrant of KAH.

As of March 31, 2019, no convertible loan was converted into the units of KAH.

(In thousands of US dollars, except share and per share data, or otherwise noted)

6. SHORT-TERM DEBT

	Note	As of December 31, 2018	As of March 31, 2019
Bank of Shanghai	(i)	$ 21,817	$ 11,920
Bank of Beijing	(ii)	20,798	6,407
Others	(iii)	7,272	8,419
Total		$ 49,887	$ 26,746

(i) In February 2018, the company entered into a loan agreement with Shanghai Bank for $9,897. The loan bears an annual interest rate of 130.0% over the one-year loan interest rate quoted by the People's Bank of China and has a loan period of one year. The Company repaid the loan in February 2019.

In April and May 2018, the Company entered into two loan agreements with Shanghai Bank for $11,920 in aggregate. Both loans bear an annual interest rate of 140.0% over the one-year loan interest rate quoted by the People's Bank of China and have a loan period of one year. $7,272 of the loan was due in April 2019 and was repaid by the Company.

(ii) In March, May and June 2018, the Company entered into four loan agreements with Bank of Beijing for $20,798 in aggregate. The loans bear annual interest rates of the Loan Prime Rate plus additional interest rate ranged from 0.05% to 1.355% with loan period of one year. $14,391 of the loan was due in March 2019 and was repaid by the Company.

(iii) In January 2018, the Company entered into two loan agreements with a third party individual for a total amounting to $6,108. The loans had an annual interest rate of 10% and were due in July 2018. The Company further renewed the loans for another 6 months with the same interest rate, and repaid the loans in January 2019.

In January and March 2019, the Company entered into two loan agreements with a third party individual for a total amounting to $6,258. The loans had an annual interest rate of 10% and were due in April 2019 and July 2019. Subsequently, the Company repaid $2,980 of the loans in April 2019.

In August 2018, the Company entered into two loan agreements with an individual for $873 in aggregate. The loans both bear an annual interest rate of 10.8% and have a period of two months and four months, respectively. The Company further renewed the loans for another 12 months with the same interest rate. In October 2018 and January 2019 the Company entered into another two agreements with the individual for $291 and $997. The loans both bear an annual interest rate of 10.8% and have a period of eight months and six months, respectively.

(In thousands of US dollars, except share and per share data, or otherwise noted)

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31, 2018	As of March 31, 2019
Other tax payable	$ 6,413	$ 6,445
Accrued professional, marketing and rental expenses	1,136	1,472
Employee payroll and welfare payables	616	645
Interest payable	381	191
Deposits payable	407	417
Other payables	1,691	1,775
Total	$ 10,644	$ 10,945

8. LEASE

Operating lease

The Company's leases consist of operating leases for administrative office spaces and dealership premises in different cities in the PRC. The Company determines if an arrangement is a lease at inception. Some lease agreements contain lease and non-lease components, which the Company choose to account for as separate components. The allocation of the consideration between the lease and the non-lease components is based on the relative stand-alone prices of components included in the lease contracts. As of March 31, 2019, the Company had no long-term leases that were classified as a financing lease. As of March 31, 2019, the Company did not have additional operating leases that have not yet commenced.

Total operating lease expenses for the period ended March 31, 2019 was $665, and was recorded in cost of revenues, selling expenses, research and development expenses and general and administrative expense on the consolidated statements of operations.

	Three months ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	89
Right-of-use assets obtained in exchange for new lease operating obligations:	—
Weighted average remaining lease term	4.85 years
Weighted average discount rate of operating leases	11.52%

On March 31, 2019, future minimum payments under non-cancelable operating leases were as follows:

April to December 31, 2019	$ 2,214
2020	2,487
2021	1,165
2022	639
2023	325
2024	325
2025 and thereafter	642
Total	$ 7,797
Less: imputed interest	2,477
Total	$ 5,320

Future minimum lease payments under such non-cancellable operating leases as of December 31, 2018 are as follows:

2019	$ 3,018
2020	2,517
2021	1,189
2022	652
2023	332
2024 and thereafter	991
Total	$ 8,699

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The terms of the leases do not contain rent escalation or contingent rents. For the three months ended March 31, 2018, total rental expense for all operating leases amounted to $349.

(In thousands of US dollars, except share and per share data, or otherwise noted)

9. INCOME TAXES

The current and deferred component of income tax expenses which were substantially attributable to the Company's PRC subsidiaries and VIEs and VIEs' subsidiaries, are as follows:

	For the three-month periods ended March 31, 2018	2019
Current income tax expenses	$ 876	$ 365
Deferred income tax expenses	—	—
Total income tax expenses	$ 876	$ 365

The principal components of the deferred tax assets and liabilities are as follows:

	As of December 31, 2018	As of March 31, 2019
Deferred tax assets		
Provision for doubtful accounts	$ 1,667	$ 1,654
Accrued payroll and welfare	129	135
Accrued liabilities	377	462
Employee education fee	5	7
Net operating loss carry forwards	8,178	8,240
Less valuation allowance	(10,356)	(10,498)
Deferred tax assets, net	$ —	$ —
Deferred tax liabilities	$ —	$ —

The Company operates through multiple subsidiaries and VIEs and VIEs' subsidiaries. The valuation allowance is considered on each individual entity basis. The subsidiaries and VIEs and VIEs' subsidiaries registered in the PRC have total deferred tax assets related to net operating loss carry forwards at $8,178 and $8,240 as of December 31, 2018 and March 31, 2019, respectively. The Company assessed the available evidence to estimate if sufficient future taxable income would be generated to use the existing deferred tax assets. As of December 31, 2018 and March 31, 2019, full valuation allowances were established because the Company believes that it is more likely than not that its deferred tax assets will not be utilized as it does not expect to generate sufficient taxable income in the near future.

Reconciliation between the income taxes expense computed by applying the PRC tax rate to loss before the provision of income taxes and the actual provision for income taxes is as follows:

	For the three-month periods ended March 31, 2018	2019
Loss before provision of income tax	$ (18,939)	$ (19,251)
PRC statutory income tax rate	25%	25%
Income tax at statutory tax rate	(4,735)	(4,813)
Taxable deemed interest income from inter-company interest-free loans	1,045	434
Non-deductible loss and other expenses not deductible for tax purposes	2,907	4,343
Effect of income tax rate differences in jurisdictions other than the PRC	1,714	151
Effect of tax holiday	15	108
Changes in valuation allowance	(70)	142
Income tax expenses	$ 876	$ 365

The Company did not identify significant unrecognized tax benefits for the three months ended March 31, 2018 and 2019, respectively. The Company did not incur any interest and penalties related to potential underpaid income tax expenses.

(In thousands of US dollars, except share and per share data, or otherwise noted)

10. FAIR VALUE MEASUREMENTS

Assets and liabilities measured or disclosed at fair value

The Company measures its financial assets and liabilities, including cash and cash equivalents, restricted cash and contingent consideration at fair value on a recurring basis as of December 31, 2018 and March 31, 2019. The Company measured its financing receivables, short-term and long-term debt at amortized cost. Cash and cash equivalents and restricted cash are classified within Level 1 of the fair value hierarchy because they are valued based on the quoted market price in an active market. The carrying value of financing receivable approximates its fair value due to its short-term nature and is considered level 3 measurement. Such fair value was estimated by discounting scheduled cash flows through the estimated maturity with estimated discount rates based on current offering rates of comparable financings with similar terms. The carrying value of the debt obligations approximate fair value considering the borrowing rates are at the same level of the current market yield for the comparable debts and represent a level 2 measurement. The carrying value of amounts due from/to related parties' approximate fair value due to the relatively short maturity.

The following table presents the fair value hierarchy for assets and liabilities measured at fair value:

	As of March 31, 2019				As of December 31, 2018			
	Fair Value Measurement at the Reporting Date using				Fair Value Measurement at the Reporting Date using			
	Quoted price in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable in puts Level 3	Total	Quoted price in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable in puts Level 3	Total
Cash and cash equivalents	$ 4,005	$ —	$ —	$ 4,005	$ 7,950	$ —	$ —	$ 7,950
Restricted cash	5,960	—	—	5,960	5,818	—	—	5,818
Contingent consideration	—	—	(126,079)	(126,079)	—	—	(105,670)	(105,670)
Total	$ 9,965	$ —	$ (126,079)	$ (116,114)	$ 13,768	$ —	$ (105,670)	$ (91,902)

The Company did not transfer any assets or liabilities in or out of Level 3 during the year ended December 31, 2018 and the three month ended March 31, 2019. The Company determines the fair value of contingent consideration by using discounted cash flow method which includes significant unobservable inputs that are classified as level 3 in the fair value hierarchy. The key assumptions used in the valuation of the contingent consideration as of March 31, 2019 are summarized in the table below:

(1) For contingent consideration resulting from acquisition of the used car dealerships:

	As of December 31, 2018	As of March 31, 2019
Planed Offering date	April 30, 2019	April 30, 2019
Discount rate (from acquisition date to Offering date)	15%	15%
Discount rate (from Offering date to the last settlement date)	2.75%	2.75%
Offering probability	80%	90%

(In thousands of US dollars, except share and per share data, or otherwise noted)

10. FAIR VALUE MEASUREMENTS (cont.)

***Assets and liabilities measured or disclosed at fair value** (cont.)*

(2) For contingent consideration resulting from acquisition of the after sales service centers:

	As of December 31, 2018	As of March 31, 2019
Planed Offering date	April 30, 2019	April 30, 2019
Discount rate (from acquisition date to the last settlement date)	15%	15%
Offering probability	80%	90%

The following is a reconciliation of the beginning and ending balances for contingent consideration measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended March 31, 2019:

	Amounts
Balance at beginning of the period	$ 105,670
Fair value change	17,733
Exchange difference	2,676
Balance at March 31, 2019	$ 126,079

Assets measured at fair value on a nonrecurring basis

The Company measured its property, equipment and goodwill at fair value on a nonrecurring basis whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. The Company measures the purchase price allocation at fair value on a nonrecurring basis as of the acquisition dates.

(In thousands of US dollars, except share and per share data, or otherwise noted)

11. SHARE-BASED COMPENSATION

Kaixin Auto Group Incentive Plan (the "Kaixin Auto Group 2018 Plan")

On January 31, 2018, Kaixin Auto adopted a stock incentive plan, whereby 40,000,000 ordinary shares of Kaixin Auto Group ("Kaixin") are made available for future grant for employees or consultants of Kaixin either in the form of incentive share options or restricted shares. The plan was amended and restated in May 2018 that up to 140,000,000 ordinary shares will be made available for granting as awards.

On March 15, 2018 and July 1, 2018, Kaixin issued an aggregate of 36,461,500 options to purchase Kaixin's ordinary shares to certain of its directors, officers and employees to compensate their services. The term of the options may not exceed ten years from the date of the grant, except for the situation of amendment, modification and termination. The awards under the above plans are subject to vesting schedules ranging from immediately upon grant to four years subsequent to grant date. The weighted-average grant-date fair value of the share options granted during the period presented was $0.52. In determining the fair value of share options granted, a binomial option pricing model is applied.

		2018
Risk-free interest rate (1)		2.82%
Volatility(2)		28%-55%
Expected term (in years)(3)		10
Exercise price(4)	$	0.3
Dividend yield(5)		—
Fair value of underlying ordinary share(6)	$	0.75

(1) *Risk-free interest rate*

Risk-free interest rate was estimated based on the yield to maturity of treasury bonds of the United States with a maturity period close to the expected life of the options.

(2) *Volatility*

The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical stock price volatility of listed comparable companies over a period comparable to the expected term of the options.

(3) *Expected term*

For the options granted to employees, the Company estimated the expected term based on the vesting and contractual terms and employee demographics. For the options granted to non-employees, the Company estimated the expected term as the original contractual term.

(In thousands of US dollars, except share and per share data, or otherwise noted)

11. SHARE-BASED COMPENSATION (cont.)

Kaixin Auto Group Incentive Plan (the "Kaixin Auto Group 2018 Plan") *(cont.)*

(4) *Exercise price*

The exercise price of the options was determined by the Company's board of directors.

(5) *Dividend yield*

The dividend yield was estimated by the Company based on its expected dividend policy over the expected term of the options.

(6) *Fair value of underlying ordinary shares*

The estimated fair value of the ordinary shares underlying the options as of the valuation date was determined based on a contemporaneous valuation. When estimating the fair value of the ordinary shares on the valuation dates, management has considered a number of factors, including the result of a third party appraisal of the Company, while taking into account standard valuation methods and the achievement of certain events. The fair value of the ordinary shares in connection with the option grants on the valuation date was determined with the assistance of an independent third party appraiser.

The following table summarizes information with respect to share options outstanding as of March 31, 2019:

	Options outstanding			Options exercisable		
The exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of exercisable**	**Weighted average remaining contractual life**	**Weighted average exercise price**
$ 0.3	33,857,500	8.95	$ 0.30	18,254,401	8.94	$ 0.30
	33,857,500			18,254,401		

	Number of shares	**Weighted average exercise price**	**Weighted average grant date fair value**
Balance, January 1, 2019	35,281,500	$ 0.30	$ 0.52
Granted	—	$ —	$ —
Exercised	—	$ —	$ —
Forfeited	(1,424,000)	$ 0.30	$ 0.52
Balance, March 31, 2019	33,857,500	$ 0.30	$ 0.52
Exercisable, March 31, 2019	18,254,401	$ 0.30	$ 0.52
Expected to vest, March 31, 2019	15,603,099	$ 0.30	$ 0.52

11. SHARE-BASED COMPENSATION (cont.)

Kaixin Auto Group Incentive Plan (the "Kaixin Auto Group 2018 Plan") *(cont.)*

For employee stock options, the Company recorded share-based compensation amounting to $526 for the three-month ended March 31, 2019, based on the fair value on the grant date over the requisite service period of award using the straight-line method.

As of March 31, 2019, there was $7,995 unrecognized share-based compensation expense relating to share options. This amount is expected to be recognized over a weighted-average vesting period of 2.98 years.

On April 30, 2019, all the options granted under the Kaixin Auto Group 2018 Plan had been cancelled and replaced by the awards under KAH upon consummation of the Business Combination. The Company is in the process of finalizing the accounting of the cancellation and replacement.

Renren Inc. Incentive Plan (the "Renren Plan")

Renren Inc. ("Renren") adopted the 2006 Equity Incentive Plan (the "2006 Plan"), the 2008 Equity Incentive Plan (the "2008 Plan"), the 2009 Equity Incentive Plan (the "2009 Plan"), the 2011 Share Incentive Plan (the "2011 Plan"), the 2016 Share Incentive Plan (the "2016 Plan"), and the 2018 Share Incentive Plan (the "2018 Plan") for purpose of granting of stock options and incentive stock options to employees and executives to reward them for service to the parent and to provide incentives for future service. In 2006, Renren Inc. adopted the 2006 Plan to replace the 2003 Plan, 2004 Plan and 2005 Plan. On February 26, 2016, Renren Inc. amended the 2011 Plan and 45,000,000 ordinary shares have been added to the award pool under the 2011 Plan. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2006 Plan, 2008 Plan, 2009 Plan, 2011 Plan, 2016 Plan and 2018 Plan is 97,430,220, 30,529,630, 40,000,000, 110,014,158, 53,596,236 and 107,100,000, respectively. The term of the options may not exceed ten years from the date of the grant, except for the situation of amendment, modification and termination. The awards under the above plans are subject to vesting schedules ranging from immediately upon grant to six years subsequent to grant date.

On August 24, 2017, Renren Inc.'s Compensation Committee approved to reduce the exercise price for all outstanding options previously granted with an exercise price higher than $0.478 per ordinary share to $0.478 per share. Such reduction was accounted by Renren Inc. as a share option modification and required the re-measurement of these share options at the time of the modification. The total incremental cost as a result of the modification was $10,382. The incremental cost related to vested options amounted to $7,427 and was recorded in the consolidated statements of operations during the year ended December 31, 2017. The incremental cost related to unvested options amounted to $2,955 and will be recorded over the remaining service period.

On June 29, 2018, Renren Inc.'s Compensation Committee approved to reduce the exercise price for all outstanding options previously granted by Renren with an exercise price higher than $0.0613 per ordinary share to $0.0613 per share. Such reduction was accounted by Renren as a share option modification and required the re measurement of these share options at the time of the modification. The total incremental cost as a result of the modification was $10,779. The incremental cost related to vested options amounted to $9,304 and was recorded in the consolidated statements of operations during year ended December 31, 2018. The incremental cost related to unvested options amounted to $1,475 and will be recorded over the remaining service periods.

11. SHARE-BASED COMPENSATION (cont.)

Renren Inc. Incentive Plan (the "Renren Plan") *(cont.)*

The aggregate intrinsic value was calculated as the difference between the exercise price of the underlying awards and the closing stock price of $0.10 and $0.10 of Renren Inc.'s ordinary share on December 31, 2018 and March 31, 2019, respectively. The total intrinsic value of options exercised for the years ended December 31, 2018 and the three-month-periods ended March 31, 2019 were $21 and $2, respectively. The total fair value of options vested during the years ended December 31, 2018 and for the three month-periods ended March 31, 2019 were $7,532, and $894, respectively.

(In thousands of US dollars, except share and per share data, or otherwise noted)

11. SHARE-BASED COMPENSATION (cont.)

Renren Inc. Incentive Plan (the "Renren Plan") *(cont.)*

The following table summarizes information with respect to share options outstanding as of March 31, 2019:

	Options outstanding				Options exercisable			
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Weighted average intrinsic value**	**Number of exercisable**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Weighted average intrinsic value**
$0.01 ~ $0.18	139,044,701	5.16	$ 0.06	$ 5,659	119,168,400	4.89	$ 0.06	$ 4,850
	139,044,701			$ 5,659	119,168,400			$ 4,850

	Number of Shares	**Weighted average exercise price**	**Weighted average grant date fair value**
Balance, January 1, 2019	139,094,101	$ 0.06	$ 0.64
Granted	—	—	—
Exercised	(48,495)	$ 0.06	$ 0.28
Forfeited	(905)	$ 0.06	$ 0.58
Balance, March 31, 2019	139,044,701	$ 0.06	$ 0.64
Exercisable, March 31, 2019	119,168,400	$ 0.06	
Expected to vest, March 31, 2019	19,876,301	$ 0.06	

For employee stock options, Renren Inc. recorded share-based compensation $4,481 and $1,157 for the three month-periods ended March 31, 2018 and 2019, respectively, based on the fair value on the grant dates over the requisite service period of award using the straight-line method.

As of March 31, 2019, there was $13,128 unrecognized share-based compensation expense relating to share options. This amount is expected to be recognized over a weighted-average vesting period of 2.79 years.

(In thousands of US dollars, except share and per share data, or otherwise noted)

11. SHARE-BASED COMPENSATION (cont.)

Nonvested restricted shares

A summary of the nonvested restricted shares activity is as follows:

	Weighted number of nonvested restricted shares	Weighted average fair value per ordinary share at the grant dates
Outstanding as of December 31, 2018	73,772,379	$ 0.21
Granted	3,977,145	$ 0.10
Vested	(3,157,710)	$ 0.31
Forfeited	(3,534,475)	$ 0.14
Outstanding as of March 31, 2019	71,057,339	$ 0.20

Renren Inc. recorded compensation expenses based on the fair value of nonvested restricted shares on the grant dates over the requisite service period of award using the straight line vesting attribution method. The fair value of the nonvested restricted shares on the grant date was the closing market price of the ordinary shares as of the date. Renren Inc. recorded the compensation expenses related to nonvested restricted shares in an amount of $996 and $1,126 during the three month-periods ended March 31, 2018 and 2019 respectively.

Total unrecognized compensation expense amounted to $14,016 related to nonvested restricted shares granted as of March 31, 2019. The expense is expected to be recognized over a weighted-average period of 5.03 years.

Share-based compensation expense under the Renren Plan allocated to the Company

The share-based compensation expense under Renren Plan allocated to the Company amounted to $566 and $109 for the three month-periods ended March 31, 2018 and 2019 respectively. These expenses are part of research and development expenses and general and administrative expenses allocated from Renren, which were waived by Renren and have been reflected as capital contributions as of the date such expenses were originally allocated.

(In thousands of US dollars, except share and per share data, or otherwise noted)

12. RELATED PARTY BALANCES AND TRANSACTIONS

The table below sets forth major related parties and their relationships with the Company:

Company Name	**Relationship with the Company**
Renren Inc.	Parent of the Company

Details of related party balances and transactions as of December 31, 2018 and March 31, 2019 are as follows:

(1) Amounts due to related parties

	As of December 31, 2018	As of March 31, 2019
Renren and its subsidiaries[1]	$ 78,108	$ 77,613
Total	$ 78,108	$ 77,613

(1) The amount represents advanced funds provided by Renren and its subsidiaries to finance the Company's daily operations. The amounts are interest-free and are repayable on demand. Subsequent to March 31, 2019, Renren has waived the total balance upon consummation of the Business Combination. Refer to Note 1.

(2) Transactions with related parties:

There are no transaction with related parties for the three months ended March 31, 2018 and 2019.

13. SEGMENT INFORMATION

The Company's Chief Operating Decision Maker (the "CODM") during the three months ended March 31, 2019 is the Chief Executive Officer of the Company, who is responsible for decisions about allocating resources and assessing performance of the Company.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Company's CODM. For the three months ended March 31, 2019, the Company's CODM reviewed the financial information of the used car sales business carried out by the Company on a consolidated basis. Therefore, the Company has one operating and reportable segment. The Company operates solely in the PRC and all of the Company's long-lived assets are located in the PRC.

The Company does not allocate assets to its current operating segments as management does not believe that allocating these assets is useful in evaluating these segments' performance. Accordingly, the Company has not made disclosure of total assets by reportable segment.

All of the Company's revenue for the three months ended March 31, 2018 and 2019 was generated from the PRC.

(In thousands of US dollars, except share and per share data, or otherwise noted)

14. LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per ordinary share for the three-month periods ended March 31, 2018 and 2019:

	For the three-month periods ended March 31,	
	2018	2019
Net loss:		
Loss from continuing operations	(19,815)	(19,616)
Loss from discontinued operations, net of taxes	(1,279)	—
Net loss	(21,094)	(19,616)
Net loss attributable to the noncontrolling interest	20	108
Net loss attributable to Kaixin Auto Group	(21,074)	(19,508)
Weighted average number of ordinary shares outstanding used in computing net loss per ordinary share-basic	160,000,000	160,000,000
Weighted average number of ordinary shares outstanding used in computing net loss per ordinary share-diluted	160,000,000	160,000,000
Net loss per ordinary share attributable to Kaixin Auto Group shareholders - basic:		
Loss per ordinary share from continuing operations	(0.12)	(0.12)
Loss per ordinary share from discontinued operations	(0.01)	—
Net loss per ordinary share attributable to Kaixin Auto Group shareholders - basic:	(0.13)	(0.12)
Net loss per ordinary share attributable to Kaixin Auto Group shareholders - diluted:		
kjLoss per ordinary share from continuing operations	(0.12)	(0.12)
Loss per ordinary share from discontinued operations	(0.01)	—
Net loss per ordinary share attributable to Kaixin Auto Group shareholders - diluted:	(0.13)	(0.12)

15. EMPLOYEE BENEFIT PLAN

Full time employees of the Company in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. The Company accrues for these benefits based on certain percentages of the employees' salaries. The total provisions for such employee benefits from continuing operations were $ 1,009 and $ 849 for the three months ended March 31, 2018 and 2019, respectively.

16. STATUTORY RESERVE AND RESTRICTED NET ASSETS

In accordance with the Regulations on Enterprises with Foreign Investment of China and their articles of association, the Company's subsidiaries and VIE entities located in the PRC, being foreign invested enterprises established in the PRC, are required to provide for certain statutory reserves. These statutory reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund or discretionary reserve fund, and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits, the general reserve fund requires a minimum annual appropriation of 10% of after-tax profit (as determined under accounting principles generally accepted in China at each year-end); the other fund appropriations are at the subsidiaries' or the affiliated PRC entities' discretion. These statutory reserve funds can only be used for specific purposes of enterprise expansion, staff bonus and welfare, and are not distributable as cash dividends except in the event of liquidation of the Company's subsidiaries, the Company's affiliated PRC entities and their respective subsidiaries. The Company's subsidiaries and VIE entities are required to allocate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital.

As of March 31, 2019, none of the Company's PRC subsidiaries and VIE entities had a general reserve that reached the 50% of their registered capital threshold, therefore they will continue to allocate at least 10% of their after-tax profits to the general reserve fund.

Appropriations to the enterprise expansion reserve and the staff welfare and bonus reserve are to be made at the discretion of the board of directors of each of the Company's subsidiaries. The appropriation to these reserves by the Company's PRC subsidiaries was $nil and $nil for the year ended December 31, 2018 and three months ended March 31, 2019, respectively.

As a result of these PRC laws and regulations and the requirement that distributions by PRC entities can only be paid out of distributable profits computed in accordance with PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Company. Amounts restricted include paid-in capital and the statutory reserves of the Company's PRC subsidiaries and VIE entities. The aggregate amounts of capital and statutory reserves restricted which represented the amount of net assets of the relevant subsidiaries and VIE entities in the Company not available for distribution was $97,697 and $103,524 as of December 31, 2018 and March 31, 2019, respectively.

17. SUBSEQUENT EVENT

The Company has evaluated subsequent events to the balance sheet date of March 31, 2019 through May 15, 2019, the issuance date of these financial statements.