

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

Form 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2020.

OR

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

For the transition period from _____ to _____

OR

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

Date of event requiring this shell company report

Commission file number: 001-35147

Renren Inc.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

4/F, Tower D, Building 15

No. 5 Jiangtai Road

Chaoyang District, Beijing 100015

People's Republic of China

(Address of principal executive offices)

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No. 5 Jiangtai Road

Chaoyang District, Beijing 100015

People's Republic of China

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
American depositary shares, each representing 45 Class A ordinary shares	RENN	The New York Stock Exchange
Class A ordinary shares, par value US\$0.001 per share*		The New York Stock Exchange

* Not for trading, but only in connection with the listing on The New York Stock Exchange of American depositary shares ("ADSs").

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2020, 769,444,113 Class A ordinary shares, par value US\$0.001 per share and 305,388,450 Class B ordinary shares, par value US\$0.001 per share were outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes No

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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INTRODUCTION

In this annual report, except where the context otherwise requires:

- “ADSs” refers to our American depositary shares, each of which represents 45 Class A ordinary shares, par value US\$0.001 per share. Except as otherwise indicated, all ADS and per ADS data in this annual report give retroactive effect to the change in the number of ordinary shares represented by each ADS from 15 to 45 that became effective on January 9, 2020.
- “Chime” refers to Chime Technologies, Inc., our wholly owned subsidiary in the U.S.
- “Kaixin” refers to the entity that operates our used automobile business. Prior to April 30, 2019, “Kaixin” refers to Kaixin Auto Group, which was a wholly-owned subsidiary of Renren Inc. From April 30, 2019, “Kaixin” refers to Kaixin Auto Holdings, a company listed on the Nasdaq Stock Market. Kaixin Auto Holdings was formerly CM Seven Star Acquisition Corporation, a blank check company formed for the purpose of entering into a business combination with one or more businesses. Pursuant to a series of transactions that closed on April 30, 2019, Renren Inc. acquired a controlling interest in Kaixin Auto Holdings and Kaixin Auto Holdings acquired 100% ownership of Kaixin Auto Group. On December 31, 2020, Kaixin entered into a share purchase agreement with the shareholders of Haitaoche Limited, a China-based online retail platform for imported automobiles. Pursuant to this agreement, Kaixin will acquire 100% of the share capital of Haitaoche Limited from its shareholders in consideration of newly issued ordinary shares of Kaixin. Upon closing of the transaction, Haitaoche Limited’s shareholders will obtain control of Kaixin, and Kaixin will cease to be our subsidiary. We now classify our used automobile business under discontinued operations. See “Item 4. Information on the Company—A. History and Development of the Company—The Kaixin Offering” and “Item 4. Information on the Company—A. History and Development of the Company—The Haitaoche Acquisition” for more information.
- “PRC” or “China” refers to the People’s Republic of China, excluding, for purposes of this annual report only, Hong Kong, Macau and Taiwan.
- “SaaS” refers to software as a service.
- “Shares” or “ordinary shares” refer, collectively, to our Class A and Class B ordinary shares, par value US\$0.001 per share. Except as otherwise indicated, all share and per share data in this annual report give retroactive effect to the ten-for-one share split that became effective on March 25, 2011.
- “Trucker Path” refers to Trucker Path, Inc., our wholly owned subsidiary in the U.S.
- “We,” “us,” “our company,” and “our” refer to Renren Inc. and its subsidiaries, its consolidated affiliated entities, and subsidiaries of its consolidated affiliated entities.

Our financial statements are expressed in U.S. dollars, which is our reporting currency. Certain Renminbi figures in this annual report are translated into U.S. dollars solely for the reader’s convenience. Unless otherwise noted, all convenience translations from Renminbi to U.S. dollars in this annual report were made at a rate of RMB6.5250 to US\$1.00, the exchange rate in effect as of December 31, 2020 as set forth in the H.10 statistical release of the Federal Reserve Board. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, at the rate stated above, or at all.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that reflect our current expectations and views of future events. These forward-looking statements are made under the “safe-harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by these forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to” or other similar expressions. These forward-looking statements include statements relating to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- expected changes in our revenues and certain cost and expense items;
- our expectations regarding our SaaS businesses and our other operations in the United States and China;
- our expectations regarding demand for and market acceptance of our services;
- changes in technology affecting our business, and our company’s responses to these changes;
- our expectations regarding our relationships with distributors, customers, suppliers, strategic partners and other stakeholders;
- competition in our industry; and
- relevant government policies and regulations relating to our industry.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, and business strategy. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect, and our actual results could be materially different from our expectations. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. You should read thoroughly this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements with these cautionary statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

Selected Consolidated Financial Data

The following selected consolidated statement of operations data (other than ADS data) for the three years ended December 31, 2018, 2019 and 2020 and the selected consolidated balance sheet data as of December 31, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this annual report. Our selected consolidated statement of operations data for the years ended December 31, 2016 and 2017 and our selected consolidated balance sheet data as of December 31, 2016, 2017 and 2018 have been derived from our audited consolidated financial statements not included in this annual report, except for our online games business, which we ceased to control on March 31, 2016, Oak Pacific Investment, our wholly-owned subsidiary, which we ceased to control on June 22, 2018 and *renren.com*, our social network platform, which we ceased to control on December 28, 2018, Kaixin Auto Holdings, which met the held for sale criteria on December 24, 2020, all of which have been classified as discontinued operations.

The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and “Item 5—Operating and Financial Review and Prospects” in this annual report. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Due to the retrospective adjustments, our results of operations for the year ended December 31, 2016, 2017, 2018 and 2019 and financial position as of December 31, 2016, 2017, 2018 and 2019 are not directly comparable to the financial data reported in our previously filed annual reports as of December 31, 2016, 2017, 2018 and 2019.

Our historical results do not necessarily indicate results expected for any future periods.

	Years ended December 31,				
	2016	2017	2018	2019	2020
(in thousands of US\$, except for share, per share and per ADS data)					
Summary Consolidated Statements of Operations Data:					
Revenue	\$ 26,635	\$ 58,038	\$ 66,794	\$ 15,085	\$ 18,106
Cost of revenues	26,506	50,256	62,497	6,718	3,451
Gross profit	129	7,782	4,297	8,367	14,655
Operating expenses (income) ⁽¹⁾ :					
Selling and marketing	5,933	9,372	10,485	10,780	8,293
Research and development	5,168	13,453	21,930	22,791	11,347
General and administrative	29,039	36,523	48,082	10,089	22,242
Bad debt provision of prepaid expenses and other current assets	—	—	—	418	—
Provision of amount due from a related party	—	—	—	12,408	—
Impairment of goodwill	—	—	29,055	9,288	—
Gain on disposal of property and equipment	—	—	(25,928)	—	—
Total operating expenses	40,140	59,348	83,624	65,774	41,882
Loss from operations	40,011	51,566	79,327	57,407	27,227
Other income (expenses)	8,675	2,269	(1,202)	1,523	3,543
Fair value change (loss) gain of contingent consideration	—	(1,121)	19,899	20,662	(1,027)
Impairment of long-term investments	(1,484)	—	—	(2,000)	—
Interest income	768	1,086	5,185	8,776	8,079
Interest expense	(7,049)	(1,254)	(842)	(566)	(303)
Realized gain (loss) on short-term investments	595	(100)	—	—	—
Realized gain (loss) on disposal of long-term investments	—	37,311	(2,141)	—	—

	Years ended December 31,				
	2016	2017	2018	2019	2020
	(in thousands of US\$, except for share, per share and per ADS data)				
Loss before provision of income tax and (loss) earnings in equity method investments and noncontrolling interest, net of tax	(38,506)	(13,375)	(58,428)	(29,012)	(16,935)
Income tax (expenses) benefit	(780)	(3,321)	(8,988)	(1,944)	65
Loss before earnings (loss) in equity method investments and noncontrolling interest, net of tax	(39,286)	(16,696)	(67,416)	(30,956)	(16,870)
(Loss) earnings in equity method investments, net of tax	(7,840)	55,985	(2,463)	(7,464)	70
(Loss) income from continuing operations	(47,126)	39,289	(69,879)	(38,420)	(16,800)
Loss from the operations of the discontinued operations, net of tax expenses	(146,536)	(149,792)	(107,737)	(69,068)	(5,320)
Gain on deconsolidation of the subsidiaries, net of tax	8,310	—	242,097	—	—
(Loss) income from discontinued operations, net of tax expenses	(138,226)	(149,792)	134,360	(69,068)	(5,320)
Net (loss) income	(185,352)	(110,503)	64,481	(107,488)	(22,120)
Net loss attributable to the noncontrolling interest	—	(76)	(8,059)	(56,391)	(2,900)
Net (loss) income from continuing operations attributable to Renren Inc.	(47,126)	39,289	(61,820)	17,971	(13,900)
Net (loss) income from discontinued operations attributable to Renren Inc.	(138,226)	(149,716)	134,360	(69,068)	(5,320)
Net (loss) income attributable to Renren Inc.	\$ (185,352)	\$ (110,427)	\$ 72,540	\$ (51,097)	\$ (19,220)
Net (loss) income per share:					
Net (loss) income per share from continuing operations attributable to Renren Inc. shareholders:					
Basic	\$ (0.05)	\$ 0.04	\$ (0.07)	\$ 0.02	\$ (0.01)
Diluted	\$ (0.05)	\$ 0.04	\$ (0.07)	\$ 0.02	\$ (0.01)
Net (loss) income per share from discontinued operations attributable to Renren Inc. shareholders:					
Basic	\$ (0.13)	\$ (0.15)	\$ 0.14	\$ (0.07)	\$ (0.01)
Diluted	\$ (0.13)	\$ (0.15)	\$ 0.13	\$ (0.07)	\$ (0.01)
Net (loss) income per share attributable to Renren Inc. shareholders:					
Basic	\$ (0.18)	\$ (0.11)	\$ 0.07	\$ (0.05)	\$ (0.02)
Diluted	\$ (0.18)	\$ (0.11)	\$ 0.07	\$ (0.05)	\$ (0.02)
Net (loss) income attributable to Renren Inc. shareholders per ADS ⁽²⁾ :					
Basic	\$ (8.16)	\$ (4.83)	\$ 3.15	\$ (2.19)	\$ (0.81)
Diluted	\$ (8.16)	\$ (4.83)	\$ 3.15	\$ (2.19)	\$ (0.81)
Weighted average number of shares used in calculating net (loss) income per ordinary					
Basic	1,022,664,396	1,028,537,406	1,036,421,063	1,049,024,096	1,063,651,105
Diluted	1,022,664,396	1,029,736,939	1,036,421,063	1,049,024,096	1,063,651,105
Weighted average number of shares used in calculating net (loss) income per ordinary share from discontinued operations attributable to Renren Inc. shareholders:					
Basic	1,022,664,396	1,028,537,406	1,036,421,063	1,049,024,096	1,063,651,105
Diluted	1,022,664,396	1,028,537,406	1,095,805,917	1,049,024,096	1,063,651,105

Notes:

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

	Years ended December 31,				
	2016	2017	2018	2019	2020
	(in thousands of US\$)				
Allocation of Share-based Compensation Expenses:					
Selling and marketing	769	598	423	524	185
Research and development	1,362	1,091	1,035	1,118	990
General and administrative	17,706	21,826	18,708	6,938	14,145
	19,837	23,515	20,166	8,580	15,320
Expenses from the discontinued operations	3,707	4,501	11,437	3,704	3,362
Total share-based compensation expenses	\$ 23,544	\$ 28,016	\$ 31,603	\$ 12,284	\$ 18,682

(2) Each ADS represents 45 Class A ordinary shares.

	As of December 31,				
	2016	2017	2018	2019	2020
	(in thousands of US\$)				
Summary Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 44,673	\$ 108,138	\$ 7,383	\$ 1,283	\$ 19,630
Restricted cash	30,102	—	—	13,091	14,457
Short term investments	410	—	—	1,436	—
Accounts receivable, net	4,700	4,801	1,104	430	474
Financing receivable, net	9,767	125	—	—	—
Total current assets	450,813	468,005	156,762	72,772	88,947
Total assets	1,176,844	1,194,164	437,193	226,211	213,673
Total current liabilities	270,223	370,547	127,514	98,170	81,103
Total liabilities	438,378	485,418	256,255	100,978	84,929
Total equity	\$ 738,466	\$ 708,746	\$ 180,938	\$ 125,233	\$ 128,744

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business and Industry

We have a history of losses from operations and negative cash flows from operating activities, which may continue in the future.

We have made significant changes to our business scope in recent years. The portfolio of services we offer has evolved from social networking services, or SNS, historically the core of our company's business, to include a used automobile business, a SaaS business and other new initiatives. We have also disposed of existing businesses in order to focus on new business opportunities. In the year ended December 31, 2020, 96.8% of our revenues were derived from our SaaS business, which generates revenue from subscription services and advertising services.

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. As of December 31, 2020, we had net current assets (current assets less current liabilities) of US\$7.8 million, and an accumulated deficit of US\$634.1 million. For the year ended December 31, 2020, we incurred loss from operations amounting to US\$27.2 million and negative cash flows from continuing operating activities of US\$11.7 million.

We have incurred net losses and negative cash flows from operating activities in the past and we may not be able to achieve or maintain profitability or positive cash flow in the future. Our total revenues decreased from US\$66.8 million in 2018 and decreased to US\$15.1 million in 2019 and increased to US\$18.1 million in 2020, and loss from continuing operations were US\$69.9 million, US\$38.4 million and US\$16.8 million in 2018, 2019 and 2020, respectively. We had negative cash flows from continuing operating activities of US\$83.0 million, US\$28.4 million and US\$11.7 million in 2018, 2019 and 2020, respectively.

Our ability to continue as a going concern is dependent on our ability to generate cash flows from operations, and our ability to arrange adequate financing arrangements. In January 2021, we received US\$68.0 million from OPI as payment of receivables due from OPI, which enables us to have sufficient cash reserve for our operating needs for at least the next twelve months from the date of this annual report. However, if negative cash flow from operating activities persists in the long run, cash resources may become insufficient to satisfy our on-going cash requirements.

Expansion into new businesses may present operating and marketing challenges that are different from those that we currently encounter, and we cannot assure you that our new business initiatives will be successful enough to justify the time, effort and resources that we devote to them.

Our financial condition and operating results have been and are likely to continue to be materially adversely affected by Kaixin's financial and operating performance.

We launched our used automobile business in the middle of 2017, and used automotive sales already accounted for the majority of our revenues in 2017. We operated our used automobile business through our majority-owned subsidiary Kaixin. In 2019, we closed a series of transactions that raised approximately US\$28.5 million for Kaixin, reduced our equity interest in Kaixin below 100% and resulted in the separate listing of Kaixin on the Nasdaq Stock Market. In 2020, Kaixin entered into a share purchase agreement with the shareholders of Haitaoche Limited, a China-based online retail platform for imported automobiles. Pursuant to this agreement, Kaixin will acquire 100% of the share capital of Haitaoche Limited from its shareholders in consideration of an aggregate of 74,035,502 newly issued ordinary shares of Kaixin. Upon consummation of the transaction, Haitaoche Limited's shareholders will obtain control of Kaixin, and Kaixin will cease to be our subsidiary. Specifically, we will hold approximately 33.8% of Kaixin's ordinary shares and no longer have the voting control in Kaixin. See "Item 4. Information on the Company—A. History and Development of the Company—The Kaixin Offering" and "—The Haitaoche Acquisition" for more information on those transactions. As a result, our financial statements now reflect Kaixin as discontinued operations. Retrospective adjustments to the historical statement of operations have also been made to provide a consistent basis of comparison for the financial results of the continuing operations. Specifically, operational loss of US\$107.7 million, US\$69.1 million and US\$5.3 million in 2018, 2019 and 2020, respectively, have been excluded from our financial results from continuing operations and have been separately reclassified to discontinued operations.

In addition, on March 31, 2021, we entered into a securities purchase agreement with Kaixin, pursuant to which we invested \$6 million in newly designated convertible preferred shares of Kaixin. The investment closed in April 2021. The preferred shares are convertible into the Kaixin's ordinary shares at a conversion price of \$3.00, subject to customary adjustments. Although we have discontinued Kaixin from our results of operations, our results of operations may continue to be materially and adversely affected by Kaixin's financial and operating performance because of our remaining investment in Kaixin. The fair value of our investment in Kaixin can be negatively impacted by fluctuations in Kaixin's share price. Further, there is a multitude of risks and uncertainties relating to the performance and valuation of Kaixin, including risks relating to Kaixin's ability to operate and compete in the highly competitive automobile sales industry in China. As such, we may not realize the anticipated benefits of our remaining investments in Kaixin, and the value or liquidity of our investments in Kaixin could decline and result in a material impairment, which could materially adversely affect our financial condition and operating results.

Our business has been and is likely to continue to be materially adversely affected by the outbreak of COVID-19 in China.

In recent years, there have been outbreaks of epidemics in China and globally, including the outbreak of COVID-19. In March 2020, the World Health Organization declared the COVID-19 a pandemic. COVID-19 has resulted in quarantines, travel restrictions, and the temporary closure of businesses and facilities in China and worldwide.

Our results of operations have been, and could continue to be adversely, and may be materially, affected, to the extent that the COVID-19 or any other epidemic harms the Chinese and global economy in general. Any potential impact to our results will depend on, to a large extent, future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or treat its impact, including the effectiveness of the vaccine programs, almost all of which are beyond our control.

The potential downturn brought by and the duration of the COVID-19 pandemic may be difficult to assess or predict where actual effects will depend on many factors beyond our control. The extent to which the COVID-19 pandemic impacts our long-term results remains uncertain, and we are closely monitoring its impact on us. During the year ended December 31, 2020, our operations have been significantly affected by the COVID-19 pandemic. For the COVID-19's impact on our financial results, please see "Item 5. Operating and Financial Review and Prospects". There are still significant uncertainties of COVID-19's future impact, and the extent of the impact will depend on a number of factors, including the duration and severity of COVID-19, possibility of a second wave in China and other countries, the development of the vaccine and other medical treatment, the actions taken by government authorities to contain the outbreak, and government stimulus measures, almost all of which are beyond our control. As a result, certain of our estimates and assumptions, including the allowance for credit losses, the valuation of certain debt and equity investments, long-term investments, content assets and long-lived assets subject to impairment assessments, require significant judgments and carry a higher degree of variabilities and volatilities that could result in material changes to our current estimates in future periods.

We rely on sophisticated information systems to run our business. The failure of these systems, any service disruptions or outages, or the inability to enhance our capabilities, could have a material adverse effect on our business, sales and results of operations.

Our business and reputation are dependent upon the performance, reliability, availability, integrity and efficient operation of our information systems. There is no assurance that we will be able to protect our platform and computer systems against, among other things, damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, software errors, bugs or defects, configuration errors, computer viruses, denial-of-service attacks, security breaches, hacking attempts or criminal acts at all times. In the event of a service disruption or outage on our platform or in our computer systems, our computer systems may not be able to store, retrieve, process and manage data. For example, we may experience temporary service disruptions or data losses during data migrations between old and new systems or system upgrades. We may not be able to recover all data and services in the event of a service disruption or outage. Additionally, our insurance policies may not adequately compensate it for any losses that it may incur during service disruptions or outages.

Any interruption or delays in our services, whether as a result of third-party error or our own error, natural disasters or security breaches, whether accidental or willful, could harm our relationships with our customers and other platform participants and our reputation, subject us to liabilities and cause customers and other platform participants to abandon our platform, any of which could adversely affect our business, financial condition and results of operations.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 has had a severe and negative impact on the Chinese and the global economy since early 2020. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China

and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

Cyber-attacks, computer viruses, physical or electronic break-ins or other unauthorized access to our or our business partners' computer systems could result in misuse of confidential information and misappropriation of funds of our customers and other platform participants, subject us to liabilities, cause reputational harm and adversely impact our results of operations and financial condition.

Our platform collects, stores and processes certain personal information and other sensitive data from our customers and other platform participants. The massive data that we have processed and stored makes us and our server hosting service providers the targets of, and potentially vulnerable to, cyber-attacks, computer viruses, hackers, denial-of-service attacks, physical or electronic break-ins or other unauthorized access. While we have taken steps to protect such confidential information, our security measures may be breached. Because techniques used to sabotage or obtain unauthorized access into systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our or our server hosting service providers' systems could cause confidential customer information to be stolen and used for criminal purposes. As personally identifiable and other confidential information is subject to legislation and regulations in numerous domestic and international jurisdictions, inability to protect confidential information of our customers and other platform participants could result in additional cost and liability for us, damage our reputation, inhibit the use of our platform and harm our business. The Administrative Measures for the Security of the International Network of Computer Information Network, issued in December 1997 and amended in January 2011, require us to report any data or security breaches to the local offices of the PRC Ministry of Public Security within 24 hours of any such breach. The Cyber Security Law of the PRC, passed in November 2016, requires us to take immediate remedial measures when we discover that our products or services are subject to risks, such as security defects or bugs. Such remedial measures include informing our customers and other platform participants of the specific risks and reporting such risks to the relevant competent departments.

We also face indirect technology and cybersecurity risks relating to our business partners, including our third-party payment service providers who manage the transfer of customer funds. As a result of increasing consolidation and interdependence of computer systems, a technology failure, cyber-attack or other information or security breach that significantly compromises the systems of one entity could have a material impact on our business partners. Although our agreements with third-party payment service providers provide that each party is responsible for the cybersecurity of its own systems, any cyber-attacks, computer viruses, hackers, denial-of-service attacks, physical or electronic break-ins or similar disruptions of such third-party payment service providers could, among other things, adversely affect our ability to serve our customers and other platform participants, and could even result in misappropriation of funds of our customers and other platform participants. If that were to occur, we and our third-party payment service providers could be held liable to customers and other platform participants who suffer losses from the misappropriation.

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

We have adopted six equity incentive plans for Renren Inc. in 2006, 2008, 2009, 2011, 2016 and 2018, respectively. As of March 31, 2021, options to purchase a total of 208,812,930 ordinary shares of Renren Inc. were outstanding. For the years ended December 31, 2018, 2019 and 2020, we recorded US\$22.6 million, US\$8.6 million and US\$14.2 million, respectively, in share-based compensation expenses. As of December 31, 2020, we had US\$5.4 million of unrecognized share-based compensation expenses relating to share options, which are expected to be recognized over a weighted average vesting period of 1.04 years, and US\$9.9 million of unrecognized share-based compensation expenses relating to non-vested restricted shares, which are expected to be recognized over a weighted average vesting period of 3.55 years.

On August 24, 2017, our compensation committee approved a reduction in the exercise price for all outstanding options previously granted by our company with an exercise price higher than \$0.478 per ordinary share to \$0.478 per share. We accounted for this reduction as a share option modification which required the remeasurement of these share options at the time of the modification. The total incremental cost as a result of the modification was US\$10.4 million. The incremental cost related to vested options amounted to US\$7.4 million 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 US\$3.0 million and will be recorded over the remaining service period.

On June 29, 2018, our compensation committee approved a reduction in the exercise price for all outstanding options previously granted by our company with an exercise price higher than US\$0.0613 per ordinary share to US\$0.0613 per share, representing the closing price of our ADSs on the New York Stock Exchange, or the NYSE, on June 21, 2018. The market price of our ADSs had fallen as a result of the payment of the special dividend that we paid in connection with the series of transactions that we carried out at that time. See "Item 4. Information on the Company—A. History and Development of the Company—The OPI Transaction" for more information on those transactions.

On March 24, 2020, our compensation committee approved a reduction in the exercise price for all outstanding options previously granted by our company with an exercise price higher than US\$0.0113 per ordinary share to US\$0.0113 per share, representing the closing price of our ADSs on the NYSE on March 18, 2020.

We believe the granting of share options and restricted shares is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share options and restricted shares to key personnel and employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

We may from time to time be subject to claims, controversies, lawsuits and legal proceedings, which could have a material adverse effect on our financial condition, results of operations, cash flows and reputation.

We may from time to time become subject to or involved in various claims, controversies, lawsuits, and legal proceedings. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings” for information about ongoing legal proceedings in which we are involved. Lawsuits and litigation may cause us to incur defense costs, utilize a significant portion of its resources and divert management’s attention from its day-to-day operations, any of which could harm its business. Any settlements or judgments against us could have a material adverse impact on our financial condition, results of operations and cash flows. In addition, negative publicity regarding claims or judgments made against us may damage our reputation and may result in material adverse impact on us.

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

We rely on a combination of monitoring and enforcement of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and procedures, to protect our intellectual property rights. Despite our precautions, third parties may obtain and make unauthorized use of our intellectual property, which includes trademarks related to our brands, products and services, patent applications, registered domain names, copyrights in software and creative content, trade secrets and other intellectual property rights and licenses. Historically, the legal system and courts of the PRC have not protected intellectual property rights to the same extent as the legal system and courts of the United States, and companies operating in the PRC continue to face an increased risk of intellectual property infringement. Furthermore, the validity, application, enforceability and scope of protection of intellectual property rights for many internet-related activities, such as internet commercial methods patents, are uncertain and still evolving in China and abroad, which may make it more difficult for us to protect our intellectual property and could have a material adverse effect on our business, financial condition and results of operations.

We cannot assure you that the measures we have taken will be sufficient to prevent any misappropriation of our intellectual properties. In addition, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

It is often difficult to maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in any such litigation. In addition, our trade secrets may be leaked or otherwise become available to our competitors, or our competitors may independently discover them. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business does not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may from time to time in the future become subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without its awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, the United States or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert management’s time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of China’s intellectual property rights laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis or that of our counsel. If we were found to have violated the intellectual property rights of others, we may be subject to liability for its infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected.

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

Internet, technology and media companies are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, are uncertain and still evolving. As we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims. Intellectual property claims and litigation are expensive and time-consuming to investigate and defend, and may divert resources and management attention from the operation of our business. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our websites to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

During the course of the audits of our consolidated financial statements, we and our independent registered public accounting firms identified material weaknesses in our internal control over financial reporting. If we fail to re-establish and maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected, and investor confidence and the market price of our ADSs may be adversely impacted.

We are subject to reporting obligations under the U.S. securities laws. The Securities and Exchange Commission, or the SEC, adopted rules pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of our internal control over financial reporting.

We and our independent registered public accounting firm, in connection with the preparation and external audit of our consolidated financial statements for the year ended December 31, 2018, identified a material weakness related to 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.

We and our independent registered public accounting firm, in connection with our preparation and external audit of our consolidated financial statements for the year ended December 31, 2019, identified four material weaknesses related to (i) inadequate technical competency of financial staff in charge of significant and complex transactions to ensure that those transactions are properly accounted for in accordance with U.S. GAAP; (ii) lack of an effective and continuous risk assessment procedure to identify and assess the financial reporting risks; (iii) lack of evaluations to ascertain whether the components of internal control are present and functioning; and (iv) inadequate controls over inventory custody at local dealerships of Kaixin. These material weaknesses remained unremediated as of December 31, 2020. See "Item 15. Controls and Procedures—Management's Annual Report on Internal Control over Financial Reporting." Measures that we implement to address these material weaknesses and other control deficiencies in our internal control over financial reporting might not fully address them, and we might not be able to conclude that they have been fully remedied.

Failure to correct these material weaknesses and other control deficiencies or failure to discover and address any other control deficiencies could result in inaccuracies in our consolidated financial statements and could also impair our ability to comply with applicable financial reporting requirements and make related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs, may be materially and adversely affected. Due to the material weaknesses in our internal control over financial reporting as described above, our management concluded that our internal control over financial reporting was not effective as of December 31, 2020. This could adversely affect the market price of our ADSs due to a loss of investor confidence in the reliability of our reporting processes.

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

Our success depends on the continuous effort and services of our experienced senior management team, in particular Mr. Joseph Chen, our founder, chairman and chief executive officer, and Mr. James Jian Liu, our executive director and chief operating officer. If one or more of our executive officers or other key personnel are unable or unwilling to continue to provide us with their services, we may not be able to replace them easily or at all. Our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected. Competition for management and key personnel is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our executive officers or key personnel, or attract and retain experienced executive officers or key personnel in the future. If any of our executive officers or key employees join a competitor or forms a competing company, we may lose know-how and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between us and our executive officers or key employees, these agreements may not be enforceable in China, where these executive officers and key employees reside, in light of uncertainties relating to China's laws and legal system. See “— Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

Our performance and future success also depend on our ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization. Competition in the used automobile industry for qualified employees, including technical personnel capable of designing innovative services and products, is intense, and if competition in these industries further intensifies, it may be more difficult for us to hire, motivate and retain highly skilled personnel. If we do not succeed in attracting additional highly skilled personnel or retaining or motivating our existing personnel or if we must incur significantly greater expenses to recruit, train and retain personnel, we may be unable to grow effectively or at all.

Their responsibilities at Oak Pacific Investments may divert our management's attention from the operation of our business.

Our chief executive officer Joseph Chen and our chief operating officer James Jian Liu each holds the same management position in Oak Pacific Investment. Mr. Chen is also the second largest shareholder in Oak Pacific Investment. Oak Pacific Investment was a wholly-owned subsidiary of ours prior to June 2018, and it holds a large portfolio of shares in a variety of early-stage and late-stage pre-IPO companies that our management had previously selected and managed for our company. Although Oak Pacific Investment no longer has any business relationship with our company, the disposition of Oak Pacific Investment has not necessarily reduced the workload of our management. However, time and effort spent by our management on Oak Pacific Investment does not benefit shareholders of our company anymore. Mr. Chen's and Mr. Liu's involvement in Oak Pacific Investment may divert their attention from the operation of our business, which may affect our company's financial performance and future prospects.

Increases in labor costs in the PRC and the enforcement of PRC labor laws and regulations may adversely affect our business and results of operations.

The economy in China has experienced increases in inflation and labor costs in recent years. As a result, average wages in the PRC are expected to continue to increase. In addition, PRC laws and regulations have strict regulatory requirements in terms of labor contracts and payment of various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of employees.

PRC Labor Contract Law, as amended, and its implementation rules, set forth various requirements about the terms of labor contracts, including, minimum wages, remuneration, the term of probation period and termination conditions. In the event that we decide to terminate or change the employment relationship with some employees, PRC Labor Contract Law and its implementation rules may limit our ability to realize in a desirable or cost-effective manner, which could adversely affect our business and results of operations. Under the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing funds, and employers are required to pay the social insurance premiums and housing funds for their employees. Employers that fail to make adequate social insurance and housing fund contributions may be subject to fines and legal sanctions. If the PRC authorities determine that we have failed to make social insurance and housing fund contributions for our employees or other non-compliance under the relevant PRC labor laws and regulations, the PRC authorities may order us to make supplemental contributions, pay fines, timely rectify, or other sanctions, which may adversely affect our business, financial condition and results of operations.

Companies operating in China are also required to withhold individual income tax on employees' wages based on the actual payment of wages to the employees according to the PRC Individual Income Tax Law, as amended in 2018. The new PRC Individual Income Tax Law provides that individuals who do not have a domicile in China but have stayed in China for at least an aggregate of 183 days within a single tax year will be deemed as resident individuals, and the employer, as the withholding agent, shall withhold and prepay tax for their employees on a monthly basis. Due to the evolution of PRC tax laws and regulations, our compliance cost has increased as well. If we failed to withhold individual income tax for our employees timely, we may be subject to administrative penalty. For example, Beijing Qianxiang Wangjing Technology Development Co., Ltd., or Qianxiang Wangjing, was fined of RMB151,786 (US\$21,803) by Beijing local tax authority on December 25, 2019 due to failure to withhold employees' individual income tax for its payment of additional medical insurance to its employees. Qianxiang Wangjing fully paid penalty to Beijing local tax authority timely.

Furthermore, as the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practice does not and will not violate any PRC labor laws and regulations, which may subject us to labor disputes or government investigations.

If we are unable to control our labor costs or pass on these increased labor costs to others, or if we are deemed to have violated PRC labor laws and regulations, our financial condition and results of operations may be adversely affected.

A new health epidemic could significantly disrupt our operations and adversely affect our results of operations.

In addition to the impact of COVID-19, our business could be significantly affected by other public health emergencies or epidemics that may hit China and/or other countries where we operate our business, such as outbreaks of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus or other disease. Any future outbreak of a contagious disease, and other adverse public health developments in China may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our production facilities and offices or otherwise disrupt our business operations and adversely affect our results of operations.

We face risks related to natural disasters, which could significantly disrupt our operations.

We are vulnerable to natural disasters and other calamities such as hurricanes, tornadoes, floods, earthquakes and other adverse weather and climate conditions. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

Negative media coverage could adversely affect our business.

Negative publicity about us or our business, shareholders, affiliates, directors, officers or other employees, as well as the industry in which we operate, can harm our operations. Such negative publicity could be related to a variety of matters, including:

- alleged misconduct or other improper activities committed by our shareholders, affiliates, directors, officers and other employees;
- false or malicious allegations or rumors about us or our shareholders, affiliates, directors, officers and other employees;
- user complaints about the quality of our products and services;
- copyright infringements involving us and content offered on our platform;
- security breaches of confidential user information; and
- governmental and regulatory investigations or penalties resulting from our failure to comply with applicable laws and regulations.

In addition to traditional media, there has been an increasing use of social media platforms and similar devices in China, including instant messaging applications, such as Weixin/WeChat, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of users and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate as is its impact without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our company, shareholders, directors, officers and employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

We have limited business insurance coverage.

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

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

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

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

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

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

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

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

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

Current PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in internet businesses, including the provision of social networking services. Specifically, foreign ownership of internet service providers or other value-added telecommunication service providers may not exceed 50%. In addition, according to the Several Opinions on the Introduction of Foreign Investment in the Cultural Industry promulgated by the Ministry of Culture, the State Administration of Radio, Film and Television, or the SARFT, the General Administration of Press and Publication, the National Development and Reform Commission and the Ministry of Commerce in June 2005, foreign investors are prohibited from investing in or operating any internet cultural operating entities.

We previously conducted our SNS and live streaming operations in China principally through a set of contractual arrangements between our wholly owned PRC subsidiary, Qianxiang Shiji Technology Development (Beijing) Co., Ltd., or Qianxiang Shiji, and its consolidated affiliated entity, Beijing Qianxiang Tiancheng Technology Development Co., Ltd., or Qianxiang Tiancheng, and Qianxiang Tiancheng's shareholders.

Our contractual arrangements described above enable us to exercise effective control over Qianxiang Tiancheng as well as its subsidiaries, and hence we treat these entities as our consolidated affiliated entities and consolidate their results. For a detailed discussion of these contractual arrangements, see "Item 4.C—Information on the Company—Organizational Structure—Contractual Arrangements with Our Consolidated Affiliated Entities."

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

- revoke the business and operating licenses of our subsidiaries, our consolidated affiliated entities and their subsidiaries;
- discontinue or restrict any related-party transactions between our subsidiaries, our consolidated affiliated entities and their subsidiaries;
- impose fines on us or impose additional conditions or requirements on us with which we may not be able to comply;
- require us to revise our ownership structure or restructure our operations; and
- restrict or prohibit our use of the proceeds of any additional public offering to finance our business and operations in China.

The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business. If any of these penalties results in our inability to direct the activities of our consolidated affiliated entities and the subsidiaries that most significantly impact their economic performance, or results in our failure to receive the economic benefits from our consolidated affiliated entities and their subsidiaries, we may not be able to consolidate the consolidated affiliated entities and their subsidiaries in our consolidated financial statements in accordance with U.S. GAAP. In the fiscal years ended December 31, 2018, 2019 and 2020, our consolidated affiliated entities and their subsidiaries contributed in the aggregate 86.7%, 43.6% and 2.4%, respectively, of our consolidated revenues.

We rely on contractual arrangements with consolidated affiliated entities for our China operations, which may not be as effective in providing operational control as direct ownership. Any failure by our affiliated entities or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business and financial condition.

We have relied and expect to continue to rely on contractual arrangements with our affiliated entities to operate our businesses in China. For a description of these contractual arrangements, see “Item 4.C—Information on the Company— Organizational Structure—Contractual Arrangements with Our Consolidated Affiliated Entities.” These contractual arrangements may not be as effective in providing us with control over these affiliated entities as direct ownership. If we had direct ownership of our consolidated affiliated entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of each of these entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by our consolidated affiliated entities and their respective shareholders of their obligations under their respective contracts to exercise control over our affiliated entities. Therefore, our contractual arrangements with our affiliated entities may not be as effective in ensuring our control over our China operations as direct ownership would be.

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

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

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

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

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

The shareholders of our consolidated affiliated entities include Ms. Jing Yang and Mr. James Jian Liu. Ms. Jing Yang is a shareholder of Qianxiang Tiancheng, and Mr. James Jian Liu is a shareholder of Qianxiang Tiancheng. Ms. Jing Yang is the wife of Mr. Joseph Chen, our founder, chairman and chief executive officer, and Mr. James Jian Liu is our executive director and chief operating officer. Conflicts of interest may arise between the dual role of Mr. James Jian Liu as a director and officer of our company and as shareholder of our consolidated affiliated entity Qianxiang Tiancheng. Conflicts of interest may also arise between the interests of Ms. Jing Yang as shareholder of Qianxiang Tiancheng and as the wife of our founder and chief executive officer. Furthermore, if Ms. Jing Yang experiences domestic conflict with Mr. Joseph Chen, she may have little or no incentive to act in the interest of our company, and she may not perform her obligations under the contractual arrangements she has entered into with Qianxiang Tiancheng.

Officers of our company owe a duty of loyalty and care to our company and to our shareholders as a whole under Cayman Islands law. We cannot assure you, however, that when conflicts arise, shareholders of our consolidated affiliated entities will act in the best interests of our company or that conflicts will be resolved in our favor. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The National People's Congress approved the Foreign Investment Law on March 15, 2019 and the State Council approved the Regulation on Implementing the Foreign Investment Law, or the Implementation Regulations, on December 12, 2019, effective from January 1, 2020, which replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Supreme People's Court of China issued a judicial interpretation on the Foreign Investment Law on December 27, 2019, effective from January 1, 2020, to ensure fair and efficient implementation of the Foreign Investment Law. According to the judicial interpretation, courts in China shall not, among other things, support contracted parties to claim foreign investment contracts in sectors not on the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020) as void because the contracts have not been approved or registered by administrative authorities. The Foreign Investment Law and Implementation Regulations embody an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

However, since these rules are relatively new, uncertainties still exist in relation to their interpretation. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations, or whether they may be invalid in whole or in part. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

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

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

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

Any limitation on the ability of our wholly owned PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

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

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

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

SAFE promulgated a circular in November 2010, known as Circular No. 59, which tightens the examination of the authenticity of settlement of net proceeds from our initial public offering and requires that the settlement of net proceeds shall be in accordance with the description in the prospectus included in our registration statement on Form F-1 (Registration No. 333-173548), which was filed with the SEC in connection with our initial public offering. In March 2015, SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015. In June 2016, the SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which revised some provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from registered capital denominated in foreign currency of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than the foreign-invested company's affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties. Pursuant to SAFE Circular 19 and SAFE Circular 16, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or choose to follow the "conversion-at-will" system for foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will system for foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. SAFE Circular 19 and SAFE Circular 16, therefore, has substantially lifted the restrictions on the usage by a foreign-invested enterprise of its Renminbi registered capital converted from foreign currencies. According to SAFE Circular 19 and SAFE Circular 16, such Renminbi capital may be used at the discretion of the foreign-invested enterprise and SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, foreign-invested enterprises like our PRC subsidiaries are still not allowed to extend intercompany loans to our VIE. In addition, as SAFE Circular 19 and SAFE Circular 16 were promulgated recently, there remain substantial uncertainties with respect to the interpretation and implementation of this circular by relevant authorities.

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

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

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

Risks Related to Doing Business in China

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

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

- We only have contractual control over our websites. We do not own the websites due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including internet content provision services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.
- There are uncertainties relating to the regulation of the internet industry in China, including evolving licensing practices. This means that permits, licenses or operations at some of our companies may be subject to challenge, or we have failed to obtain permits or licenses that applicable regulators may deem necessary for our operations or we may not be able to obtain or renew certain permits or licenses to maintain their validity. The major permits and licenses that could be involved include the ICP license, the online culture operating permit, and the value-added telecommunication services operation permit.

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

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

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

Most of our revenues are denominated in U.S. dollar, while most of our expenses are denominated in Renminbi, as a majority of our employees are located in China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion.

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

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

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

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

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, which became effective in 2006 and was amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. The M&A Rule established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council in 2008 are triggered. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. We believe that our business is not in an industry related to national security. However, we cannot assure you that the Ministry of Culture or other government agencies will not publish interpretations contrary to our understanding or broaden the scope of such security review in the future.

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

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

SAFE has promulgated several regulations, including the Notice on Relevant Issues Concerning Foreign Exchange Control of Domestic Residents' Overseas Investment and Financing and Roundtrip Investment through Offshore Special Purpose Vehicles, or SAFE Circular 37, issued in 2014, which replaced the former Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (generally known as SAFE Circular 75) promulgated by SAFE in October 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, which is referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as an increase or decrease of capital contributed by PRC residents, share transfer or exchange, merger, division or other material events. In the event that a PRC resident holding interests in a special purpose vehicle fails to complete the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Mr. Joseph Chen, our founder, chairman and chief executive officer, is not a PRC citizen, but resides in China and has established and maintains a major shareholding in our company. Based on our oral inquiry with the relevant local branch of SAFE, neither the requirements for registration under SAFE Circular 75 nor the requirements for registration under SAFE Circular 37 are applicable to Mr. Chen.

Mr. James Jian Liu, our executive director and chief operating officer, and a few other senior management personnel of our company, all of whom are PRC residents, became shareholders of our company as a result of the exercise of employee share options. Based on our inquiry with the relevant local branch of SAFE, any application to such local SAFE branch with respect to the registration of Mr. Liu and the other PRC resident shareholders' holdings of shares in our offshore holding company under SAFE Circular 75 or SAFE Circular 37 and related rules will not be officially accepted or examined because they became shareholders of our offshore holding company as a result of their exercise of employee share options.

However, we cannot conclude that SAFE or its local branch responsible for our PRC subsidiary's foreign exchange registrations will not later alter their position on and interpretation of the applicability of these foreign exchange regulations to Mr. Chen, Mr. Liu or the other PRC resident shareholders of our company. In the event that the registration procedures set forth in these foreign exchange regulations becomes applicable to Mr. Chen, Mr. Liu or any of the PRC resident shareholders of our company, we will urge these individuals to file necessary registrations and amendments as required under SAFE Circular 37 and related rules. However, we cannot assure you that all of these individuals can successfully file or update any applicable registration or obtain the necessary approval required by these foreign exchange regulations. We can provide no assurance that we will in the future continue to be informed of the identities of all PRC residents holding direct or indirect interests in our company. The failure or inability of such individuals to comply with the registration procedures set forth in these regulations may subject us to fines or legal sanctions, restrictions on our cross-border investment activities or our PRC subsidiary's ability to distribute dividends to, or obtain foreign-exchange-dominated loans from, our company, or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

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

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

In 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, which set forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. In 2007, SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee share ownership plans or share option plans of an overseas publicly listed company. In 2007, also SAFE promulgated the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plan of Overseas-Listed Company, or the Stock Option Rules.

In February 2012, SAFE promulgated the Notice on the Administration of Foreign Exchange Matters for Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies, or the Stock Option Notice. This Stock Option Notice replaced the previous Stock Option Rules. The Stock Option Notice simplifies the requirements and procedures for the registration of stock incentive plan participants, especially in respect of the required application documents and the absence of strict requirements on offshore and onshore custodian banks, as were stipulated in the earlier Stock Option Rules. Under these rules, for PRC resident individuals who participate in stock incentive plans of overseas publicly listed companies, which includes employee stock ownership plans, stock option plans and other incentive plans permitted by relevant laws and regulations, a PRC domestic qualified agent or the PRC subsidiary of such overseas listed company must, among other things, file, on behalf of such resident, an application with SAFE or its local counterpart to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the stock holding or share option exercises as PRC residents may not directly use overseas funds to purchase shares or exercise share options. In addition, within three months after any substantial changes to any such stock incentive plan, including for example any changes due to merger or acquisition or changes to the domestic or overseas custodian agent, the domestic agent must update the registration with SAFE.

As our company became listed on the NYSE in May 2011, we and our PRC citizen employees who participate in an employee share ownership plan or a share option plan are subject to these regulations. If we or our PRC option holders fail to comply with these regulations, we or our PRC option holders may be subject to fines and other legal or administrative sanctions. See "Item 4.B—Business Overview—Regulation—Regulations on Employee Stock Options Plans."

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

The State Administration of Taxation has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Certain Corporate Income Tax Matters Related to Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015 and amended in 2017, or SAT Circular 7. Pursuant to these rules and notices, except for a few circumstances falling into the scope of the safe harbor provided by SAT Circular 7, such as open market trading of stocks in public companies listed overseas, if a non-PRC resident enterprise indirectly transfers PRC taxable properties (i.e. properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise) by disposing of equity interest or other similar rights in an overseas holding company, without a reasonable commercial purpose and resulting in the avoidance of PRC enterprise income tax, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose, such as whether the main value of equity interest in an overseas holding company is derived directly or indirectly from PRC taxable properties. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law without considering other factors set out by SAT Circular 7: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. SAT Circular 7 also introduces an interest regime by providing that where a transferor fails to file and pay tax on time, and where a withholding agent fails to withhold the tax, interest will be charged on a daily basis. If the transferor has provided the required documents and information or has filed and paid the tax within 30 days from the date that the share transfer contract or agreement is signed, then interest shall be calculated based on the benchmark interest rate; otherwise, the benchmark interest rate plus 5% will apply. Both the foreign transferor and the transferee, and the PRC tax resident enterprise whose equity interests are being transferred may voluntarily report the transfer by submitting the documents required in SAT Circular 7.

Although SAT Circular 7 provides clarity in many important areas, such as reasonable commercial purpose, there are still uncertainties on the tax reporting and payment obligations with respect to future private equity financing transactions, share exchange or other transactions involving the transfer of shares in non-PRC resident companies. The PRC tax authorities have discretions under SAT Circular 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the equity interests transferred and the cost of investments. We may pursue acquisitions in the future that may involve complex corporate structures. If we are considered a nonresident enterprise under the PRC Enterprise Income Tax Law and if the PRC tax authorities make adjustments to the taxable income of these transactions under SAT Circular 7, our income tax expenses associated with such potential acquisitions will increase, which may adversely affect our financial condition and results of operations.

Imposition of any additional taxes could adversely affect our financial condition and results of operations.

Under the Enterprise Income Tax Law and its implementation rules, both of which became effective on January 1, 2008, an enterprise established outside of the PRC with “de facto management bodies” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, in 2009. SAT Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. See “Item 5—Operating and Financial Review and Prospects—Taxation—PRC.” Although SAT Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by PRC individuals, the determining criteria set forth in Circular 82 may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. Although we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises, it is possible that the PRC tax authorities could reach a different conclusion. In such case, we may be considered a resident enterprise and may therefore be subject to enterprise income tax at a rate of 25% on our global income. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiaries, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Pursuant to the Enterprise Income Tax Law and its implementation rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors, which are non-PRC tax resident enterprises without an establishment in China, or whose income has no connection with their institutions and establishments inside China, are subject to withholding tax at a rate of 10%, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and we conduct substantially all of our operations in China through contractual arrangements between our wholly owned PRC subsidiaries and our consolidated affiliated entities. As long as our offshore holding companies are considered non-PRC resident enterprises, dividends that they respectively receive from our PRC subsidiaries may be subject to withholding tax at a rate of 10%. See “Item 5—Operating and Financial Review and Prospects—Taxation—PRC.”

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

Our use of some leased properties could be challenged by lessors, third parties or government authorities, which could materially and adversely affect our business.

We lease offices from third parties for our operations in China, the United States and Philippines. Any disputes with our lessors in respect of these leases or the leased area, or any defects in lessors' title to the leased properties may disrupt our use of our offices, or warehouses, or increase our costs, which may in turn adversely affect our business operations. For example, certain buildings and the underlying land are not allowed to be used for industrial or commercial purposes without the authorities' approval, and the lease of such buildings to companies like us may subject the lessor to pay premium fees to the PRC government. We cannot assure you that the lessor has obtained all or any of approvals from the relevant governmental authorities. In addition, some of our lessors have not provided us with documentation evidencing their title to the relevant leased properties. We cannot assure you that title to these properties we currently lease will not be challenged. In addition, we have not registered any of our lease agreements with the PRC governmental authorities as required by PRC law, and although failure to do so does not in itself invalidate the leases, we may not be able to defend these leases against bona fide third parties. If third parties who purport to be property owners or beneficiaries of the mortgaged properties challenge our right to use the leased properties, we may not be able to protect our leasehold interest and may be ordered to vacate the affected premises, which could in turn materially and adversely affect our business and operating results.

The 2018 audit reports included in this annual report are prepared by an independent registered public accounting firm who is not inspected by the Public Company Accounting Oversight Board, and as such, you are deprived of the benefits of such inspection.

Deloitte Touche Tohmatsu Certified Public Accountants LLP, or Deloitte, our independent registered public accounting firm that issued the 2018 audit report included in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board, or the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Since Deloitte is located in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, it is not currently inspected by the PCAOB.

Inspections of other firms that the PCAOB has conducted outside of China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating Deloitte's audits and its quality control procedures. As a result, we and investors in our securities are deprived of the benefits of such PCAOB inspections, which could cause investors and potential investors in our securities to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Risks Related to Our ADSs

If the market price for our ADSs falls below US\$1.00 for an extended period of time, or to US\$0.16 at any time, our ADSs may be delisted from the NYSE.

After the closing of the transaction that resulted in the disposition of most of our investment assets on June 21, 2018, the market price of our ADSs fell significantly as a result of the value that was removed from our company and transferred to our shareholders. See “Item 4. Information on the Company—A. History and Development of the Company—The OPI Transaction” for a description of this transaction. We received a letter from the NYSE dated July 30, 2019, notifying Renren that it was below compliance standards due to the trading price of Renren’s ADSs. Pursuant to NYSE Rule 802.01C, a company will be considered to be below compliance standards if the average closing price of a security as reported on the consolidated tape is less than US\$1.00 over a consecutive 30 trading-day period. Once notified, the company must bring its share price and average share price back above US\$1.00 by six months following receipt of the notification. The company can regain compliance at any time during the six-month cure period if on the last trading day of any calendar month during the cure period the company has a closing share price of at least US\$1.00 and an average closing share price of at least US\$1.00 over the 30 trading-day period ending on the last trading day of that month. In the event that at the expiration of the six-month cure period, both a US\$1.00 closing share price on the last trading day of the cure period and a US\$1.00 average closing share price over the 30 trading-day period ending on the last trading day of the cure period are not attained, the NYSE will commence suspension and delisting procedures. In addition, we understand that the NYSE has a policy to suspend trading immediately and commence delisting procedures if the market price of securities falls to US\$0.16 or less. In response to the letter from the NYSE, we changed the ratio of ADSs to our Class A ordinary shares from the previous ADS ratio of 1 ADS to 15 Class A ordinary shares to a new ADS ratio of one 1 ADS to 45 Class A ordinary shares, effective January 9, 2020. We received another letter from the NYSE dated April 9, 2020, notifying Renren that it was below compliance standards due to the trading price of Renren’s ADSs. Renren regained compliance with the NYSE standards because subsequent to receipt of the letter, our ADSs traded above US\$1.00 over a consecutive 30 trading-day period. However, we cannot assure you that our ADSs will remain in compliance with the NYSE listing rules going forward. If our ADSs are delisted from the NYSE, the liquidity and value of an investment in our ADSs will be materially and adversely affected.

The market price for our ADSs has fluctuated and may continue to be volatile.

The market price for our ADSs has fluctuated significantly since we first listed our ADSs. Since our ADSs became listed on the NYSE on May 4, 2011, the closing prices of our ADSs have ranged from US\$0.51 to US\$270.15 per ADS, including retrospective adjustments for the change in the number of ordinary shares represented by each ADS that occurred on February 6, 2017 and January 9, 2020.

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

- regulatory developments in our industry affecting us or our competitors;
- announcements of studies and reports relating to the quality of our services or those of our competitors;
- changes in the economic performance or market valuations of other companies in the SaaS industries or other internet companies;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions or changes in the internet finance industry or the internet industry in general;
- announcements by us or our competitors of new services, acquisitions, strategic relationships, joint ventures or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar; and
- sales or perceived potential sales of additional ordinary shares or ADSs.

In addition, the stock market in general, and the market prices for internet-related companies and companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Broad market and industry fluctuations may adversely affect our operating performance. Volatility or a lack of positive performance in our ADS price may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

Our dual-class voting structure allows our two largest shareholders to significantly influence our actions over important corporate matters, will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

We have a dual-class voting structure which consists of Class A ordinary shares and Class B ordinary shares. Subject to certain exceptions, in respect of matters requiring the votes of shareholders, holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equal number of Class A ordinary shares.

We issued Class A ordinary shares represented by our ADSs in our initial public offering in May 2011. Mr. Joseph Chen, who is our founder, chairman and chief executive officer, and SoftBank Group Capital Limited, a wholly-owned subsidiary of SoftBank Group Corp., are our only shareholders who hold Class B ordinary shares. As of March 31, 2021, Mr. Joseph Chen, our founder, chairman and chief executive officer, beneficially owned approximately 25.0% of our outstanding Class A ordinary shares and approximately 55.8% of our outstanding Class B ordinary shares, representing in aggregate 48.9% of our total voting power, and SoftBank Group Capital Limited owned approximately 34.9% of our outstanding Class A ordinary shares and approximately 44.2% of our outstanding Class B ordinary shares, representing in aggregate 42.3% of our total voting power.

Due in large part to the disparate voting powers attached to the two classes of ordinary shares, Mr. Chen and SoftBank Group Capital Limited have controlling power over matters requiring shareholder approval, subject to certain exceptions. As between Mr. Chen and SB Pan Pacific Corporation, the approvals of SB Pan Pacific Corporation are required for certain important matters relating to our company. See "Item 10. Additional Information—B. Memorandum and Articles of Association—Ordinary Shares—Voting Rights." This concentration of ownership and voting power in the hands of Mr. Chen and SoftBank Group Capital Limited may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs. In addition, these persons could divert business opportunities away from us to themselves or others.

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

Sales of our ADSs or ordinary shares in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. As of March 31, 2021, not including options, we have 1,080,871,023 ordinary shares outstanding comprised of (i) 493,372,800 Class A ordinary shares represented by ADSs, among which 357,807,195 Class A ordinary shares are represented by ADSs that are freely transferable without restriction or additional registration under the Securities Act, and the rest are represented by ADSs that are subject to transfer restriction or additional registration under the Securities Act, (ii) 282,109,773 Class A ordinary shares not represented by ADSs, which are available for sale subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act, and (iii) 305,388,450 Class B ordinary shares which, following conversion to Class A ordinary shares by the holder of the Class B ordinary shares, are available for sale subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act.

Certain holders of our ordinary shares have the right to cause us to register under the Securities Act the sale of their shares. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of the New York Stock Exchange. Press releases relating to financial results and material events are furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a U.S. domestic issuer.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we comply fully with the NYSE corporate governance listing standards.

As a Cayman Islands company listed on the New York Stock Exchange, we are subject to the NYSE corporate governance listing standards. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards. We have followed our home country practice and are exempted from the requirements of Sections 303A.01, 303A.07(a), 303A.08 and 303A.12(a) of the NYSE Listed Company Manual, although currently we are in compliance with the requirement to have a majority of independent directors under Section 303A.01. However, if we choose to follow additional home country practices in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the NYSE corporate governance listing standards applicable to U.S. domestic issuers.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2021. We would lose our foreign private issuer status if, for example, more than 50% of our ordinary shares are directly or indirectly held by residents of the U.S. and we fail to meet additional requirements necessary to maintain our foreign private issuer status. If we lose our foreign private issuer status on this date, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms beginning on January 1, 2022, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the New York Stock Exchange listing rules. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer, and accounting, reporting and other expenses in order to maintain a listing on a U.S. securities exchange.

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

Except as described in this annual report and in the deposit agreement, dated as of May 4, 2011, amendment no. 1 to the deposit agreement, dated as of February 6, 2017, and amendment no. 2 to the deposit agreement, dated as of January 9, 2020, by and among our company, Citibank, N.A., as depositary, and the holders and beneficial owners of American depositary shares, holders of our ADSs will not be able to exercise voting rights attaching to the underlying Class A ordinary shares represented by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the underlying Class A ordinary shares represented by the ADSs. Upon receipt of your voting instructions, the depositary will vote the underlying Class A ordinary shares in accordance with these instructions.

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

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

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

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

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. For example, the depositary is expected to close its transfer books temporarily in connection with the cash dividend that we announced on April 30, 2018. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

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

We are incorporated in the Cayman Islands. Most of our directors and officers reside outside the United States and a substantial portion of the assets of such directors and officers are located outside of the United States. As a result, it may be difficult or impossible for you to effect service of process within the United States upon us or these persons, or to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final and conclusive, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands.

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

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

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

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

We may be a passive foreign investment company, or a PFIC, for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequence to U.S. Holders of our ADSs or ordinary shares.

Depending upon the value of our ordinary shares and ADSs and the nature of our assets and income over time, we could be a PFIC for United States federal income tax purposes. A non-United States corporation will generally be treated as a PFIC for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income, or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income. Passive income is generally any income that would be foreign personal holding company income under the Internal Revenue Code of 1986, as amended, including dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income, net gains from commodity transactions, net foreign currency gains and income from notional principal contracts.

Based on our analysis of the value of our ordinary shares and ADSs and our estimated income, assets and activities, we believe we might be a PFIC for the taxable year ended December 31, 2020. Additionally, we have been classified as a PFIC in prior years and may be classified as a PFIC in the future. If we were or are a PFIC, adverse United States federal income tax consequences could result to U.S. Holders (as defined in “Item 10.E—Additional Information—Taxation—United States Federal Income Tax Considerations—General”). For any taxable year in which we are a PFIC and a U.S. Holder holds our ordinary shares or ADSs, such U.S. Holder will continue to be treated as owning stock of a PFIC even if we cease to satisfy either of the above tests for determining PFIC status in a subsequent taxable year. U.S. Holders treated as owning stock in a PFIC generally will become subject to increased U.S. federal income tax liabilities and special U.S. federal income tax reporting requirements, unless they make a timely “mark-to-market” election or, potentially, a “Qualified Electing Fund” election to mitigate some of the applicable consequences. For more information on the U.S. federal income tax consequences to a U.S. Holder that would result from our classification as a PFIC, see “Item 10.E Additional Information—Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.” Our U.S. counsel expresses no opinion with respect to our PFIC status for any taxable year.

Item 4. Information on the Company

A. History and Development of the Company

We began our operations in China in 2002 through Beijing Qianxiang Tiancheng Technology Development Co., Ltd., or Qianxiang Tiancheng, which subsequently became one of our consolidated affiliated entities. Our current holding company, Renren Inc., was incorporated in February 2006 in the Cayman Islands under our prior name, Oak Pacific Interactive. Through a corporate restructuring in March 2006, Oak Pacific Interactive became our holding company. In December 2010, we changed our corporate name from Oak Pacific Interactive to Renren Inc.

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

In May 2011, we completed our initial public offering and our ADSs began trading on the NYSE under the symbol “RENN.” On February 6, 2017, we changed the number of ordinary shares represented by each ADS from 3 to 15. On January 9, 2020, we further changed the number of ordinary shares represented by each ADS from 15 to 45. Except as otherwise indicated, all ADS and per ADS data in this annual report give retroactive effect to the ADS ratio of one 1 ADS to 45 Class A ordinary shares.

In the years since our initial public offering, we acquired or disposed of a number of businesses:

- In October 2011, we acquired *56.com*, a leading user generated content online video sharing website in China. We disposed of this business in two stages in October 2014 and December 2014.
- In October 2013, we disposed of the majority of our equity interest in our group-buying services business. We disposed of our remaining interest in this business in February 2014.
- In the fourth quarter of 2014, we launched our financing business with Renren Fenqi, a financial service platform providing credit financing to college students in China for making purchases on e-commerce platforms on an installment payment basis. In the second quarter of 2016, we stopped making loans through Renren Fenqi due to regulatory changes.
- In the first quarter of 2015, we launched a used automobile financing service to provide credit financing to used automobile dealerships in China. This business has ceased to extend financing to third parties and has been subsumed under our used automobile business.
- In the second quarter of 2015, we launched Renren Licai, a financing platform, as one source of funds for the credit financing that we extend in our internet finance business. In the third quarter of 2017, we stopped issuing new financing products on our Renren Licai platform.
- In November 2015, our board of directors approved the disposition of our online game business. We completed the disposition of this business in March 2016.
- In December 2018, we disposed of all tangible and intangible assets in our SNS platform and the related business, including Renren mobile live streaming. We now classify our SNS business under discontinued operations. See “—Sale of SNS Business” below.

We launched our used automobile business in the middle of 2017, and used automotive sales already accounted for the majority of our revenues in 2017. We operate our used automobile business through our majority-owned subsidiary Kaixin.

We launched our SaaS businesses in the United States with Chime, an all-in-one real estate solution provider, in August 2016. We further expanded our SaaS businesses by our acquisition of Geographic Farming, LLC, a 360° real estate marketing and media service provider, in August 2017. Geographic Farming was terminated and ceased operations in June 2020.

In December 2017, we acquired 100% of Trucker Path, Inc., a transportation network company specializing in online and mobile services for the trucking industry in the United States. Trucker Path operates a large American online trucking community with over one million installs of its application on Google Play Store.

In June 2018, we paid a special cash dividend and disposed of the overwhelming majority of our long-term investments. See “—The OPI Transaction” below.

In 2019, we closed a series of transactions that raised approximately US\$28.5 million for Kaixin, reduced our equity interest in Kaixin below 100% and resulted in the separate listing of Kaixin on the Nasdaq Stock Market. In 2020, Kaixin entered into a share purchase agreement with the shareholders of Haitaoche Limited, a China-based online retail platform for imported automobiles. Pursuant to this agreement, Kaixin will acquire 100% of the share capital of Haitaoche Limited from its shareholders in consideration of an aggregate of 74,035,502 newly issued ordinary shares of Kaixin. Upon closing of the transaction, Haitaoche Limited’s shareholders will obtain control of Kaixin, and Kaixin will cease to be our subsidiary. See “—The Kaixin Offering” and “—The Haitaoche Acquisition” below.

The OPI Transaction

On April 30, 2018, we announced a special cash dividend payable to all holders of our ordinary shares (including ordinary shares represented by ADSs). At the same time, we also announced that Oak Pacific Investment, a wholly-owned subsidiary of Renren Inc., would be conducting a private placement in which it would offer its ordinary shares solely to shareholders of Renren, for which the waiver of the cash dividend would be the sole form of payment that would be accepted. We refer to the cash dividend, the private placement, and the ancillary agreements and actions as the OPI Transaction.

The OPI Transaction was undertaken to reduce the number and aggregate size of our long-term investments in order to mitigate the risk of Renren being deemed to be an investment company within the meaning of the Investment Company Act of 1940. At the time of the OPI Transaction, Oak Pacific Investment held one active business, which was our ZenZone advertising agency business. Oak Pacific Investment also held shares in 44 portfolio companies and interests in 6 investment funds. These portfolio companies and investment funds had an aggregate book value of US\$530.6 million as of December 31, 2017, and represented the overwhelming majority of our long-term investments in terms of both book value and fair market value.

The private placement closed on June 21, 2018, and we completed the payment of the special cash dividend shortly thereafter. The one share in Oak Pacific Investment previously held by Renren Inc. was redeemed for no value as part of the OPI Transaction, and Oak Pacific Investment became entirely owned by the purchasers in the private placement. Renren no longer has any ownership interest in Oak Pacific Investment and Oak Pacific Investment is no longer consolidated in our financial statements. Immediately prior to the closing of the private placement, Oak Pacific Investment issued a note to Renren as part of the OPI Transaction. The principal amount of the note was US\$90,000,000, the interest rate was 8% per year, and the term was the earlier of five years and the date upon which Oak Pacific Investment and its subsidiaries no longer hold any shares of Social Finance Inc. In March 2019, the interest rate was increased to 8.5% per year in connection with a refinancing of Oak Pacific Investment's debt obligations. Oak Pacific Investment prepaid US\$10 million to our company in December 2019, another US\$4 million to our company in April 2020, and another US\$27.5 million to our company in December 2020. In January 2021, Oak Pacific Investment settled the remaining outstanding amount owed to us under the note.

Sale of SNS Business

In December 2018, we disposed of all tangible and intangible assets in our SNS platform and the related business, including Renren mobile live streaming, to Beijing Infinities Interactive Media Co., Ltd. for cash consideration of US\$20 million and shares in the purchaser's parent company, Infinities Technology (Cayman) Holding Limited, with a value of US\$40 million, based on an agreed-upon estimated valuation of US\$700 million for the parent company.

Oak Pacific Holdings, a company controlled by Mr. Joseph Chen, our chairman and chief executive officer, and Mr. James Jian Liu, our executive director and chief operating officer, controls one of the minority shareholders of the purchaser. This asset sale transaction was discussed and approved by the audit committee of Renren's board of directors, which considered the background and material terms of this transaction as well as the result of a fairness analysis conducted by Duff & Phelps, LLC, and was approved by Renren's board of directors. As required by our articles of association, this transaction was also conditional on the approval of SB Pan Pacific Corporation, an affiliate of one of our major shareholders, which approval was obtained.

The sale closed on December 29, 2018, and we classify our former SNS business under discontinued operations. As of December 31, 2018, the \$20 million cash consideration remained outstanding and was recorded in amounts due from a related party. We collected \$6.8 million in 2019 and as of December 31, 2019, the unpaid cash consideration was \$13.2 million. Beijing Infinities failed to make payments under the agreed extended repayment plan. Based on its assessment of the collectability, we provided an allowance of US\$12.6 million for the receivable. Additionally, the shares receivable in the form of Beijing Infinities were not received as of December 31, 2019 and were recorded as non-current amount due from related party in the consolidated balance sheets as of December 31, 2018 and 2019. We believe the shares receivable was not impaired as of December 31, 2019 based on the on-going equity financing of Beijing Infinities. In July 2020, we received shares of Infinities Technology (Cayman) Holding Limited, which is the holding company of Beijing Infinities, in lieu of shares of Beijing Infinities. The shares received were recorded as long-term investment in an amount of US\$40 million as of December 31, 2020.

The Kaixin Offering

We use “Kaixin” in this annual report to refer to the entity that operates our used automobile business, which is our auto group segment. Prior to April 30, 2019, “Kaixin” refers to Kaixin Auto Group, which was a wholly-owned subsidiary of Renren Inc. From April 30, 2019, “Kaixin” refers to Kaixin Auto Holdings, a company listed on the Nasdaq Stock Market. Kaixin Auto Holdings was formerly CM Seven Star Acquisition Corporation, a blank check company formed for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination, with one or more target businesses. Pursuant to a series of transactions that closed on April 30, 2019, Renren Inc. acquired a controlling interest in Kaixin Auto Holdings and Kaixin Auto Holdings acquired 100% ownership of Kaixin Auto Group. This series of transactions also raised approximately US\$28.5 million for Kaixin and resulted in the separate listing of Kaixin on the Nasdaq Stock Market under the ticker symbol KXIN. We refer to this series of transactions as the “Kaixin Offering.”

We currently hold approximately 25.0 million ordinary shares of Kaixin. Of these shares, 3.3 million ordinary shares of Kaixin Auto Group were previously held in escrow as potential indemnity for claims that may be asserted under the share exchange agreement relating to the Kaixin Offering. These shares will be released to us in the end of May 2021 if they remain in escrow at that time, less any shares used for indemnification. An additional 19.5 million ordinary shares of Kaixin were previously held in escrow as earnout shares pending Kaixin’s financial results for 2019 and 2020 and Kaixin’s stock price. The earnout shares will be cancelled if they are not transferred to us pursuant to the earnout provisions by October 2021. In November 2020, Kaixin’s board of directors resolved to waive the satisfaction of prequalification conditions for the earnout shares discussed above, and the earnout shares will be released to us upon completion of transfer procedures with Kaixin’s stock transfer agent. The share transfer procedures were still in process as of the date of this annual report. Counting in the 19.5 million earnout shares and the 3.3 million shares held in escrow for potential indemnity, we will hold a total of 47.8 million shares of Kaixin, or approximately 71%, of the voting power of Kaixin, assuming no other changes to Kaixin’s capital structure.

An additional 4.7 million ordinary shares of Kaixin were reserved for issuance under an equity incentive plan in exchange for its outstanding options, which were cancelled at the closing of the Kaixin Offering. Furthermore, under the equity purchase agreements pursuant to which Kaixin has acquired majority control of its dealerships, Kaixin is obligated to make certain payments of its ordinary shares over a six-year period to sellers who have retained a minority interest in the special purpose holding entity of those dealerships. In connection with the Kaixin Offering, Renren has agreed to bear the obligation to make these payments, which will further reduce our equity interest in Kaixin. See “Item 4.B—Business Overview—Certain Legal Arrangements—Legal Arrangements with Dealerships” and note 5 to the accompanying financial statements. Transfers of Kaixin shares by Renren to these sellers would further reduce Renren’s ownership interest in Kaixin.

Shareholder Value Fund, which holds approximately 5.2 million ordinary shares of Kaixin, has agreed to grant a proxy to us with respect to the vote of all the ordinary shares it beneficially owns with respect to the appointment of any independent directors or director nominees and any of their successors or replacements.

On April 4, 2018, Shareholder Value Fund loaned CM Seven Star US\$500,000 pursuant to a non-interest bearing promissory note.

On January 24, 2019, CM Seven Star issued an unsecured non-interest bearing promissory note in the aggregate principal amount of up to US\$1.1 million to Shareholder Value Fund to pay for professional services fees related to the Kaixin Offering.

On January 24, 2019, CM Seven Star issued unsecured promissory notes in the aggregate principal amount of US\$1.0 million to Shareholder Value Fund in exchange for it depositing such amount into the trust account of CM Seven Star. The notes did not bear interest and became due upon the closing of the Kaixin Offering. In addition, the notes may be converted by the holder into units of CM Seven Star at a price of \$10.00 per unit.

On June 4, 2019, Shareholder Value Fund paid US\$1.6 million to Kaixin pursuant to a waiver agreement among Kaixin, Kaixin Auto Group, Renren and Shareholder Value Fund.

On June 10, 2020, Kaixin entered into a subscription agreement with Shareholder Value Fund, pursuant to which Kaixin will issue to Shareholder Value Fund 4,213,629 ordinary shares of Kaixin at closing in exchange for the cancellation of the loans and payments payable to the Shareholder Value Fund by Kaixin. These shares were issued on July 6, 2020.

On December 28, 2020, Kaixin entered into a securities purchase agreement with KX Venturas 4 LLC, pursuant to which KX Venturas 4 LLC will invest \$6 million in newly designated convertible preferred shares of Kaixin. The first \$3 million of the investment closed on December 29, 2020, and the remaining investment is expected to close in mid-2021. The preferred shares are convertible into the Kaixin’s ordinary shares at a conversion price of \$3.00, subject to customary adjustments. Pursuant to the purchase agreement, KX Venturas 4 LLC will also receive 1,500,000 Series A Warrants, 1,333,333 Series B Warrants and 2,000,000 Series C warrants to subscribe for Kaixin’s ordinary shares at an exercise price of \$3.00 per share.

On March 31, 2021, we entered into a securities purchase agreement with Kaixin, pursuant to which we invested \$6 million in newly designated convertible preferred shares of Kaixin. The investment closed in April 2021. The preferred shares are convertible into the Kaixin’s ordinary shares at a conversion price of \$3.00, subject to customary adjustments.

The Haitaoche Acquisition

On November 3, 2020, Kaixin entered into a binding term sheet with Haitaoche pursuant to which Haitaoche will merge with a newly formed wholly-owned subsidiary of Kaixin, with Haitaoche continuing as the surviving entity and a wholly-owned subsidiary of ours. On December 31, 2020, a definitive share purchase agreement was entered into between Kaixin and Haitaoche pursuant to which Kaixin agrees to issue to shareholders of Haitaoche an aggregate of 74,035,502 ordinary shares of Kaixin in exchange of 100% share capital of Haitaoche. We refer to this series of transactions as the “Haitaoche Acquisition.” Upon consummation of the Haitaoche Acquisition, Haitaoche Limited’s shareholders will obtain control of Kaixin, and Kaixin will cease to be our subsidiary. We now classify our used automobile business under discontinued operations. The consummation of the Haitaoche Acquisition is subject to a number of closing conditions, including the relevant approval by Nasdaq Stock Market pursuant to Rule 5110(a) of the Nasdaq Stock Market. Kaixin received such approval on April 15, 2021. As of the date of this annual report, the Haitaoche Acquisition had not been consummated. The Haitaoche Acquisition is expected to be consummated in the first half of 2021.

Our Offices

Our principal executive offices are located at 4/F, Tower D, Building 15, No. 5 Jiangtai Road, Chaoyang District, Beijing, 100015, the People’s Republic of China. Our telephone number at this address is +86 10-8417-6807. Our registered office in the Cayman Islands is located at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. Our telephone number at this address is +1 345-949-8066. We also have one office in Wuhan in central China, one office in Phoenix, Arizona in the United States, and one office in Manila in the Philippines.

The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. We maintain our website at <https://ir.renren-inc.com/>.

B. Business Overview

Overview

Our business model has been evolving continuously in response to changes in internet culture and competitive pressures in China. At the time of our initial public offering in May 2011, we were primarily a social networking service platform, and we had a number of ancillary businesses that were intended to monetize that platform. We gradually disposed of most of those ancillary businesses in the years that followed our initial public offering. We disposed of Nuomi, our group-buy e-commerce business, in two stages in October 2013 and February 2014. We disposed of 56.com, our on-line video business, in December 2014. We disposed of our online games business in March 2016. We eventually disposed of our social networking service platform entirely in December 2018. We disposed of Woxiu, live streaming business, in June 2019.

During our active search for alternatives to dispose of a portion or all of our investment in the used automobile business under Kaixin, a binding term sheet was entered into between Kaixin and Haitaoche Limited on November 2, 2020, which sets forth the terms and conditions of an acquisition transaction between Kaixin and Haitaoche Limited. On December 31, 2020, Kaixin announced that it entered into a share purchase agreement with the shareholders of Haitaoche Limited. Pursuant to the share purchase agreement, Kaixin will acquire 100% of the share capital of Haitaoche Limited from the shareholders. As consideration for the Haitaoche Acquisition, Kaixin will issue 74,035,502 ordinary shares of its own to the shareholders of Haitaoche Limited. Upon the completion of the acquisition, the shareholders of Haitaoche Limited will collectively hold 51% of Kaixin’s issued and outstanding shares. On April 15, 2021, Nasdaq approved the acquisition of 100% of the share capital of Haitaoche Limited pursuant to the share purchase agreement. As of the date of this annual report, the Haitaoche Acquisition had not been consummated. The Haitaoche Acquisition is expected to be consummated in the first half of 2021. Consequently, we reevaluated our segments and have reclassified our used automobile business under Kaixin as a discontinued operation. Retrospective adjustments to the historical financial statements in 2018 and 2019 have also been made to provide a consistent basis of comparison for the financial results of operations across the period of 2018 through 2020.

We operate several SaaS businesses in the United States. Our SaaS businesses began with our launch of Chime. Chime is a client relationship management platform for real estate agents, teams and brokers in the United States which was launched in August 2016. Chime allows users to import information of potential buyers and sellers from third-party platforms to the Chime platform. Chime can automatically categorize potential real estate transactions based on type, zip code, budget, source and other features. A real estate team can use the “round robin” function to distribute potential deals among team members, and the team leader can supervise how effectively deals are being handled. Chime users may leverage artificial intelligence to auto-respond to inquiries from potential buyers and sellers with customized scripted responses. Chime also supports real estate professionals to keep in touch with clients by texts, phone calls and emails. Chime provides intelligent data exchange webpage service to real estate agents to help them design customized website. It also allows users to download property data from multiple property listing databases and displays those properties on their websites. Utilizing Chime’s advertising services, real estate professionals can place advertisements on third-party websites and platforms.

Our SaaS business was further expanded by our acquisition of Geographic Farming, LLC, in August 2017. Geographic Farming was a 360° real estate marketing and media service provider, which was terminated and ceased operations in June 2020. Unlike our other businesses, our SaaS business is currently focused on the U.S. market rather than the China market.

In December 2017, we acquired 100% of Trucker Path, Inc., a transportation network company specializing in online and mobile services for the trucking industry in the United States. Its core product is the Trucker Path app, a trip planning companion for truck drivers, which enables a large community of truck drivers to assist each other in updating the real-time status of relevant points-of-interest on their route. It helps truck drivers find truck stops, parking spots, weigh stations, truck washes, fuel stops, rest areas and more. Real-time information, such as availability of parking or the cost of fuel, is provided for these points-of-interest. Over 40,000 businesses are listed as points-of-interest on Trucker Path, including hotels and restaurants, for which truck drivers can add their own reviews and information. Trucker Path also serves SMB truck fleet with its enterprise offering called Trucker Path Command, which combines the core driver app with an operator portal to enable fleet managers to dispatch, communicate, and manage their business in a single unified portal. Trucker Path also has a companion app known as Truckloads which brings truck drivers, brokers and shippers together in a single online freight marketplace. Over 100,000 truck drivers are active on it every month and over 150,000 loads are posted on it every day. Truck drivers can search for loads and customize their search criteria by trailer type, pickup date and destination, among other things. They can also set up push notifications for loads in their area or loads that fit their most recent search criteria. Truck drivers can combine Truckloads with Trucker Path to plan their routes in order to maximize the amount of time they spend carrying loads and avoid obstacles such as clearance, hazmat, weight limit and no truck zone restrictions. Shippers not only can find carriers but also can track their loads in real time from pickup to delivery.

Our total revenues decreased from US\$66.8 million in 2018 to US\$15.1 million in 2019 and increased to US\$18.1 million in 2020, and loss from continuing operations were US\$69.9 million, US\$38.4 million and US\$16.8 million in 2018, 2019 and 2020, respectively.

Our SaaS Businesses

We are developing a lead generation and customer relationship management (CRM) solution for real estate professionals in the United States under the brand name Chime. Chime is a comprehensive SaaS platform being designed to offer CRM, IDX and team management solutions and help real estate professionals launch marketing campaigns, track leads' activities, build customer relationships, manage websites and seamlessly communicate with teams across multiple devices. Through cooperation with these top real estate professionals, Chime consolidates digital tools used in the real estate industry into one mobile-based easy-to-use platform.

We launched Chime in August 2016. Our Chime team consisted of 160 employees as of December 31, 2020, of which 92 employees are responsible for research and development, 11 employees are responsible for sales and 57 employees are responsible for operations and general administration. Our Chime research and development team is based in Beijing and Wuhan and our Chime sales and operation teams are based in Utah and Philippines. This business is still in an early stage.

In August 2017, we acquired 100% of Geographic Farming, LLC, a 360° real estate marketing and media service provider. Geographic Farming was terminated and ceased operations in June 2020.

Sales and Marketing

We have built our Chime brand through a multitude of avenues, including:

- industry trade shows;
- online digital marketing;
- publicity of major milestones and achievements;
- collaboration with relevant partners; and
- email marketing on opted in subscribers to our product updates and industry news.

Like most SaaS company, the majority of Chime's sales are closed by our internal sales teams. When sales inquiries come in from multiple marketing channels mentioned above, our sales team will book a demo with a potential customer and try to close the deal after demoing our product. As Chime successfully builds its brand, we are also expanding our sales team to convert enterprise customers.

We do not have an internal sales team for Trucker Path. Currently, the main marketing channels for Trucker Path include online digital marketing, as well as publicity of our product milestones and industry research on various media outlets. With the development of Trucker Path's enterprise product, we intend to build an internal sales team for the new SaaS offerings to enterprise customers.

Competition

For Chime, we are competing with various CRM vendors in this vertical as well as a few integrated marketing centric platforms. We are also competing with salesforce partners. Chime is also competing with companies who offer digital marketing solutions for realtors as well as direct mail service vendors.

Trucker Path mainly competes with other map service providers for professional truckers, and other digital load boards.

Technology

Chime has an engineering team of 50 members, including front-end and back-end developers, mobile developers, product managers and QAs. We are actively releasing product updates every month based on user feedback and our team's analysis.

Trucker Path has an engineering team of 60 members, including mobile developers, front end/back end engineers, product managers and QAs. We usually have multiple releases on both our flagship products, namely Truckerpath and Truckloads.

Intellectual Property

Our intellectual property includes trademarks related to our brands and services, copyrights in software, patents and other intellectual property rights and licenses. We seek to protect our intellectual property assets and brand through a combination of monitoring and enforcement of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and procedures. For further details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our own intellectual property rights may be infringed, which could materially and adversely affect our business and results of operations."

Seasonality

The sales performance of Chime has small correlation with seasonality, but it mostly fluctuates with the macro cycle of the real estate market. For Trucker Path, seasonality has a more obvious impact. Our sales are mainly driven by active users, who are mainly long-haul truck drivers, typically transportation industry over-all is influenced by seasonality. Usually starting from November, when we are seeing more extreme weather, and more long holidays, such as Thanksgiving, Christmas and New Year, the overall transportation demands will come down during this time, and typically it will come back next year March.

Regulation

This section summarizes the principal laws and regulations relevant to our business and operations.

Regulations on Internet Content Services

National security considerations are an important factor in the regulation of internet content in China. The National People's Congress, the PRC's national legislature, has enacted laws with respect to maintaining the security of internet operations and internet content. According to these laws, as well as the Administrative Measures on Internet Information Services, violators may be subject to penalties, including criminal sanctions, for internet content that:

- opposes the fundamental principles stated in the PRC constitution;
- compromises national security, divulges state secrets, subverts state power or damages national unity;
- harms the dignity or interests of the state;
- incites ethnic hatred or racial discrimination or damages inter-ethnic unity;
- undermines the PRC's religious policy or propagates superstition;

- disseminates rumors, disturbs social order or disrupts social stability;
- disseminates obscenity or pornography, encourages gambling, violence, murder or fear or incites the commission of a crime;
- insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or
- is otherwise prohibited by law or administrative regulations.

ICP service operators are required to monitor their websites. They may not post or disseminate any content that falls within these prohibited categories and must remove any such content from their websites. The PRC government may shut down the websites of ICP license holders that violate any of the above-mentioned content restrictions, order them to suspend their operations, or revoke their ICP licenses.

In February 2015, the China Internet Network Information Center promulgated the Administrative Provisions on Account Names of Internet Users, which became effective as of March 1, 2015. These provisions require all internet information service users to authenticate their real identity information for the registration of accounts and to comply with seven basic requirements, including observing the laws and regulations, upholding the socialist regime, protecting state interests and, among other requirements, ensuring the authenticity of any information they provide. Relevant internet information service providers are responsible for the protection of users' privacy, the consistency of user information, such as account names, avatars, and the requirements contemplated in the provisions, making reports to the competent authorities regarding any violation of the provisions, and taking appropriate measures to stop any such violations, such as notifying the user to make corrections within a specified time and suspending or closing accounts in the event of continue non-compliance.

On December 15, 2019, the Cyberspace Administration of China promulgated the Regulations on the Ecological Governance of Network Information Content, effective from March 1, 2020, which specify the content scopes that are encouraged, prohibited or prevented from producing, re-producing and publishing. The network information content producers should take measures to prevent and resist the production of content that, among others, uses exaggerated titles that are inconsistent with the content, may incite racism or discrimination against geographic region, and propagates gossip and scandals. The network information content service platforms should fulfill the main responsibility of content management and establish an ecological governance mechanism of the network information, improve system for user registration, account management, information publishing review, emergency response, and etc. The network information content service users, network information content producers and network information content service platforms should not, through manual or technical means, carry out acts, such as traffic falsification, traffic hijacking, false registration of account IDs, illegal trading of account IDs, or manipulation of user account IDs, that destroy network ecology.

To comply with these laws and regulations, we have adopted internal procedures to monitor content displayed on our websites, including a team of employees dedicated to screening and monitoring content uploaded on our websites and removing inappropriate or infringing content.

Regulations on Information Security

The Ministry of Public Security promulgated measures in 1997, further revised in 2011, that prohibit the use of the internet in ways which, among other things, result in a leakage of state secrets or the distribution of socially destabilizing content. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. State secrets are defined broadly to include information concerning PRC national defense, state affairs and other matters as determined by the PRC authorities. In addition, the State Secrecy Bureau has issued provisions authorizing the blocking of access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets.

In 2005, the Ministry of Public Security promulgated Provisions on Technological Measures for Internet Security Protection, which require all ICP operators to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations. The ICP operators must regularly update information security systems for their websites with local public security authorities, and must also report any public dissemination of prohibited content. If an ICP operator violates these measures, the PRC government may revoke its ICP license and shut down its websites.

In November 2016, the Standing Committee of the National People's Congress issued the Cyber Security Law, which came into effect on June 1, 2017. This is the first Chinese law that focuses exclusively on cyber security. The Cyber Security Law provides that network operators must set up internal security management systems that meet the requirements of a classified protection system for cybersecurity, including appointing dedicated cybersecurity personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cybersecurity incidents, and taking data security measures such as data classification, backup and encryption. The Cybersecurity Law also imposes a relatively vague but broad obligation to provide technical support and assistance to the public and state security authorities in connection with criminal investigations or for reasons of national security. The Cybersecurity Law also requires network operators that provide network access or domain name registration services, landline or mobile phone network access, or that provide users with information publication or instant messaging services, to require users to provide a real identity when they sign up. The Cyber Security Law sets high requirements for the operational security of facilities deemed to be part of the PRC's "critical information infrastructure." These requirements include data localization, i.e., storing personal information and important business data in China, and national security review requirements for any network products or services that may have an impact on national security. Among other factors, "critical information infrastructure" is defined as critical information infrastructure that will, in the event of destruction, loss of function or data leak, result in serious damage to national security, the national economy and people's livelihood, or the public interest. Specific reference is made to key sectors such as public communication and information services, energy, transportation, water-resources, finance, public service and e-government. However, no official guidelines as to the scope of "critical information infrastructure" have been formally issued.

On November 13, 2018, the Cyberspace Administration of China and the Ministry of Public Security jointly promulgated the Regulations for the Security Assessment of Internet Information Services Having Public Opinion Properties or Social Mobilization Capacity, which deems microblogging, live streaming, information sharing services as internet information having public opinion properties or social mobilization capacity. The service providers providing such services are required to conduct security assessments when they launch new online services, expand the functionality of their existing services, introduce new technologies or applications, experience a significant increase in user base, witness the spread of unlawful or harmful information, or any other circumstance identified by the cybersecurity authorities. These service providers are required to submit security assessment reports to the local cybersecurity authorities and public security bureau via the National Internet Security Management Service Platform

On January 23, 2019, the Cyberspace Administration of China, the MIIT, the Ministry of Public Security, and the State Administration for Market Regulation jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps, which restates the requirement of legal collection and use of personal information, encourages APP operators to conduct security certifications, and encourages search engines and APP stores to clearly mark and recommend those certified APPs.

On March 15, 2019, the Cyberspace Administration of China and the State Administration for Market Regulation jointly issued the Notice on App Security Certification and the Implementation Rules on Security Certification of Mobile Internet Application, which encourages mobile application operators to voluntarily obtain app security certification, and search engines and app stores are encouraged to recommend certified applications to users. The institution designated for this certification is the China Cybersecurity Review Technology and Certification Center, and this institution has the right to appoint testing agencies to inspect technical capabilities and business operations for the certification.

Our PRC companies which are ICP operators have completed the mandatory security filing procedures with the respective local public security authorities, regularly update their information security and content-filtering systems with newly issued content restrictions, and maintain records of users' information as required by the relevant laws and regulations. They have also taken measures to delete or remove links to content that to their knowledge contains information violating PRC laws and regulations. Substantially all of the content published on our websites is manually screened by employees who are dedicated to screening and monitoring content published on our website and removing prohibited content. All of the other content, primarily consisting of comments posted by users, is first screened by our filtering systems and content containing prohibited words or images is manually screened by our employees. We believe that with these measures in place, no prohibited content under PRC information security laws and regulations should have been publicly disseminated through our website in the past. However, due to the significant amount of content published on our website by our users on a daily basis, if any prohibited content is publicly disseminated in the future and we become aware of it, we will report it to the relevant governmental authority. We believe these measures are generally in compliance with the relevant laws and regulations.

Regulations on Internet Privacy

In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. The PRC law does not prohibit ICP operators from collecting and analyzing personal information from their users. However, the Administrative Measures on Internet Information Services prohibit an ICP operator from insulting or slandering a third party or infringing the lawful rights and interests of a third party. Pursuant to Decision on Strengthening Network Information Protection promulgated by the Standing Committee of the National People's Congress in 2012, ICP operators that provide electronic messaging services must keep users' personal information confidential and must not disclose such personal information to any third party without the users' consent or unless required by law. The regulations further authorize the relevant telecommunications authorities to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability if the unauthorized disclosure results in damages or losses to users. The PRC government, however, has the power and authority to order ICP operators to turn over personal information if an internet user posts any prohibited content or engages in illegal activities on the internet. In December 2011, the MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Services, which became effective in March 2012. Without obtaining the consent from the users, telecommunication business operators and ICP operators may not collect or use the users' personal information. The personal information collected or used in the course of provision of services by the telecommunication business operators or ICP operators must be kept in strict confidence, and may not be divulged, tampered with or damaged, and may not be sold or illegally provided to others. The ICP operators are required to take certain measures to prevent any divulge, damage, tamper or loss of users' personal information.

In December 2012, the Standing Committee of the National People's Congress of the PRC issued the Decision on Strengthening the Protection of Online Information. Under this decision, ICP operators are required to take such technical and other measures necessary to safeguard information against inappropriate disclosure. To further implement this decision and relevant rules, MIIT issued the Regulation of Protection of Telecommunication and Internet User Information in 2013.

In November 2016, the Standing Committee of the National People's Congress issued the Cyber Security Law, which came into effect on June 1, 2017. The Cyber Security Law imposes certain data protection obligations on network operators, including that network operators may not disclose, tamper with, or damage users' personal information that they have collected, and that they are obligated to delete unlawfully collected information and to amend incorrect information. Moreover, internet operators may not provide users' personal information to others without consent. Exempted from these rules is information irreversibly processed to preclude identification of specific individuals. Also, the Cyber Security Law imposes breach notification requirements that will apply to breaches involving personal information.

Following the Cyber Security Law, the State Administration for Quality Supervision and Inspection and Quarantine (now incorporated into the State Market Regulatory Administration) and the China National Standardization Management Committee issued the Personal Information Security Standards on December 29, 2017. These standards supplement and refine the Cyber Security Law in many respects while further subdividing personal information into general information and sensitive information. Sensitive information, including ID number, bank account, property information and transaction information, must be collected with explicit, specific, distinct and clear user consent on a fully informed basis.

On January 23, 2019, the Office of the Central Cyberspace Affairs Commission, the MIIT, the Ministry of Public Security and the State Market Regulatory Administration jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps, which restates the legal collection and use of personal information, encourages app operators to conduct security certifications and search engines and app stores to clearly mark and recommend certified apps.

On March 13, 2019, the Office of the Central Cyberspace Affairs Commission and the State Market Regulatory Administration jointly issued the Notice on App Security Certification and their implementation rules, according to which the state encourages app operators to voluntarily acquire app security certification, and encourages search engines and app stores to clearly identify and give priority to those that have acquired the security certification. The certification institution responsible for such app security certification is the China Cybersecurity Review Technology and Certification Center, also known as the ISCCC, and the testing institution will be determined by the ISCCC according to the certification business requirements and technical capabilities.

On August 22, 2019, the Cyberspace Administration of China issued the Regulation on Cyber Protection of Children's Personal Information, effective on October 1, 2019. Network operators are required to establish special policies and user agreements to protect children's personal information, and to appoint special personnel in charge of protecting children's personal information. Network operators who collect, use, transfer or disclose personal information of children are required to, in a prominent and clear way, notify and obtain consent from children's guardians.

On October 31, 2019, the MIIT issued the Notice to Rectify Mobile Apps' Infringement on Users' Interests, announcing that it will launch a rectification program on mobile App service providers and distribution service providers, including App stores, from November 6, 2019 to December 20, 2019. The inspection covers the illegal collection and usage of personal information, unreasonable request for user authorization, and obstacles for users to cancel their accounts. On December 19, 2019, the MIIT issued a list of mobile apps that failed to pass its inspection, and none of the mobile apps developed by our company was named.

On November 28, 2019, the Cyberspace Administration of China, MIIT, the Ministry of Public Security and the State Administration for Market Regulation jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by APPs, which list six types of illegal collection and usage of personal information, including "not publishing rules on the collection and usage of personal information" and "not providing privacy rules."

To comply with these laws and regulations, we require our users to accept a user term whereby they agree to provide certain personal information to us, and have established information security systems to protect users' privacy and have filed them with the MIIT or its local branch as required.

Regulations on Intellectual Property Rights

China has adopted legislation governing intellectual property rights, including trademarks, patents and copyrights. China is a signatory to the major international conventions on intellectual property rights and became a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

Patent. The Patent Law was originally adopted in 1984. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. A patent is valid for a term of twenty years in the case of an invention and a term of ten years in the case of utility models and designs. A third-party user must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of patent rights. We have obtained 20 patents granted by the State Intellectual Property Office.

Copyright. The Copyright Law was originally adopted in 1990. The Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. The amended Copyright Law also requires registration of a copyright pledge.

Pursuant to the relevant PRC regulations, rules and interpretations, ICP operators will be jointly liable with the infringer if they (i) participate in, assist in or abet infringing activities committed by any other person through the internet, (ii) are or should be aware of the infringing activities committed by their website users through the internet, or (iii) fail to remove infringing content or take other action to eliminate infringing consequences after receiving a warning with evidence of such infringing activities from the copyright holder. The court will determine whether an internet service provider should have known of their internet users' infringing activities based on how obvious the infringing activities are by taking into consideration a number of factors, including (i) the information management capabilities that the provider should have based on the possibility that the services provided by it may trigger infringing acts, (ii) the degree of obviousness of the infringing content, (iii) whether it has taken the initiative to select, edit, modify or recommend the contents involved, (iv) whether it has taken positive and reasonable measures against infringing acts, and (v) whether it has set up convenient programs to receive notices of infringement and made timely and reasonable responses to the notices. Where an internet service provider has directly obtained economic benefits from any contents made available by an internet user, it shall have a higher duty of care with respect to the internet user's act of infringement of others' copyrights. Advertisements placed for or other benefits particularly connected with specific contents may be deemed as direct economic benefits from such contents, but general advertising fees or service fees charged by an internet service provider for its internet services will not be included. In addition, where an ICP operator is clearly aware of the infringement of certain content against another's copyright through the internet, or fails to take measures to remove relevant contents upon receipt of the copyright holder's notice, and as a result, it damages the public interest, the ICP operator could be ordered to stop the tortious act and be subject to other administrative penalties such as confiscation of illegal income and fines. An ICP operator is also required to retain all infringement notices for a minimum of six months and to record the content, display time and IP addresses or the domain names related to the infringement for a minimum of 60 days.

An internet service provider may be exempted from liabilities for providing links to infringing or illegal content or providing other internet services which are used by its users to infringe others' copyright, if it does not know and does not have constructive knowledge that such content is infringing upon other parties' rights or is illegal. However, if the legitimate owner of the content notifies the internet service provider and requests removal of the links to the infringing content, the internet service provider would be deemed to have constructive knowledge upon receipt of such notification, but would be exempted from liabilities if it removes or disconnects the links to the infringing content at the request of the legitimate owner. At the request of the alleged infringer, the internet service provider should immediately restore links to content previously disconnected upon receipt of initial non-infringing evidence.

We have adopted measures to mitigate copyright infringement risks. For example, our policy is to remove links to web pages if we know these web pages contain materials that infringe third-party rights or if we are notified by the legitimate copyright holder of the infringement with proper evidence.

Software products. In China, holders of computer software copyrights enjoy protections under the Copyright Law. Various regulations relating to the protection of software copyrights in China have promulgated, including the Copyright Law, which was originally promulgated in 1990, the Regulation for the Implementation of the Copyright Law, which originally came into effect in September 2002, and the Measures for the Registration of Computer Software Copyright, which were issued by the National Copyright Administration in 2002. Under these regulations, computer software that is independently developed and exists in a physical form is protected, and software copyright owners may license or transfer their software copyrights to others. Registration of software copyrights, exclusive licensing and transfer contracts with the Copyright Protection Center of China or its local branches is encouraged. Such registration is not mandatory under Chinese law, but can enhance the protections available to the registered copyrights holders. The Computer Software Copyright Registration Procedures, issued by the National Copyright Administration in 2002, apply to software copyright registration, license contract registration and transfer contract registration. We have registered 32 computer software copyrights in compliance with the above rules and to take advantage of the protections under them.

Trademark. The PRC Trademark Law was originally adopted in 1982. The Trademark Office under the State Administration for Industry and Commerce handles trademark registrations and grants a term of ten years for registered trademarks, plus another ten years if requested upon expiration of the first or any subsequent ten-year term. Trademark license agreements must be filed with the Trademark Office for record. We have applied with the Trademark Office to register trademarks and logos.

Domain Names. In 2002, the CNNIC issued the Implementing Rules for Domain Name Registration setting forth detailed rules for registration of domain names. On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names. These measures regulate the registration of domain names, such as the first tier domain name “.cn.” In June 2019, the CNNIC issued the new version of Rules of First-Tier Domain Dispute Resolution in replacement of the former version issued in 2014, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide disputes. We have registered domain names including *xiaonei.com* and *chimeroi.com*. In December 2013, we entered into a Registry Agreement with ICANN, which grants us the right to use the generic top level domain name “.ren”.

Regulations on Anti-unfair Competition

Under the Anti-Unfair Competition Law, effective in 1993 and most recently revised in 2019, a business operator is prohibited from carrying out acts intending to cause confusion, which would mislead others into thinking that its products belong to another party or that there is an association with another party, by:

- using without permission, a mark that is identical with or similar to product names, packaging or decoration of others with a certain degree of influence;
- using without permission, the name of an enterprise, a social organization or an individual with a certain degree of influence;
- using without permission, the main element of a domain name, website name or webpage with a certain degree of influence;
- carrying out confusing acts that are intended to mislead others into thinking that a product belongs to another party or there is an affiliation with another party.

Regulations on Foreign Exchange

Under the Foreign Currency Administration Rules, if documents certifying the purposes of the conversion of Renminbi into foreign currency are submitted to the relevant foreign exchange conversion bank, the Renminbi will be convertible for current account items, including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loans, securities investment and repatriation of investment, however, is subject to the approval of SAFE or its local counterpart.

Under the Administration Rules for the Settlement, Sale and Payment of Foreign Exchange, which were promulgated in 1996, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from SAFE or its local counterpart. Capital investments by PRC entities outside of China, after obtaining the required approvals of the relevant approval authorities, such as the Ministry of Commerce and the National Development and Reform Commission or their local counterparts, are also required to register with SAFE or its local counterpart.

In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, also known as SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 delegates the power to enforce the foreign exchange registration in connection with inbound and outbound direct investments under SAFE rules from local branches of SAFE to banks, thereby further simplifying the foreign exchange registration procedures for inbound and outbound direct investments.

In March 2015, SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015. In June 2016, the SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which revised some provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from registered capital denominated in foreign currency of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than the foreign-invested company's affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties. Pursuant to SAFE Circular 19 and SAFE Circular 16, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or choose to follow the "conversion-at-will" system for foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will system for foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. SAFE Circular 19 and SAFE Circular 16, therefore, has substantially lifted the restrictions on the usage by a foreign-invested enterprise of its Renminbi registered capital converted from foreign currencies. According to SAFE Circular 19 and SAFE Circular 16, such Renminbi capital may be used at the discretion of the foreign-invested enterprise and SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, foreign-invested enterprises like our PRC subsidiaries are still not allowed to extend intercompany loans to our VIE. In addition, as SAFE Circular 19 was promulgated recently, there remain substantial uncertainties with respect to the interpretation and implementation of this circular by relevant authorities.

Moreover, on January 26, 2017, SAFE promulgated Circular of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination of Authenticity and Compliance, or SAFE Circular 3. SAFE Circular 3 stipulates several control measures with respect to the outbound remittance of any profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks should review board resolutions, the original version of tax filing records and audited financial statements before wiring the foreign exchange profit distribution of a foreign-invested enterprise exceeding US\$50,000; and (ii) domestic entities should hold income to make up previous years' losses before remitting the profits to offshore entities. Moreover, pursuant to SAFE Circular 3, verification on the genuineness and compliance of foreign direct investments in domestic entities has also been tightened.

In utilizing funds that we hold offshore, as an offshore holding company with PRC subsidiaries, we may (i) make additional capital contributions to our PRC subsidiaries, (ii) establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, (iii) make loans to our PRC subsidiaries or consolidated affiliated entities, or (iv) acquire offshore entities with business operations in China in offshore transactions. However, most of these uses are subject to PRC regulations and approvals. For example:

- capital contributions to our PRC subsidiaries, whether existing or newly established ones, must be approved by the Ministry of Commerce or its local counterparts;
- loans by us to our PRC subsidiaries, each of which is a foreign-invested enterprise, to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local branches; and
- loans by us to our consolidated affiliated entities, which are domestic PRC entities, must be approved by the National Development and Reform Commission and must also be registered with SAFE or its local branches.

Regulations on Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the Guidance Catalog of Industries for Foreign Investment promulgated and as amended from time to time by the MOFCOM and the NDRC, or the Catalog. In June 2017, the MOFCOM and the NDRC promulgated the Catalog, or 2017 Revision, which became effective in July 2017. Industries listed in the Catalog are divided into two parts: encouraged category, and the special management measures for the entry of foreign investment, which is further divided into the restricted category and prohibited category. The negative list of the 2017 Revision was replaced by the Special Administrative Measures for Access to Foreign Investment, or the Negative List in June 2019, which became effective in July 2019. Industries not listed in the Catalog are generally deemed to be in a fourth "permitted" category and are generally open to foreign investment unless specifically restricted by other PRC regulations. The Negative List, in a unified manner, lists the restrictive measures for the entry of foreign investment. Furthermore, foreign investors are not allowed to invest in companies in industries in the prohibited category. For the industries that are not listed in the Negative List, the restrictive measures for the entry of foreign investment shall not apply in principle, and establishment of wholly foreign-owned enterprises in such industries is generally allowed.

In March 2019, the Foreign Investment Law was enacted by the NPC, which became effective in January 2020. Upon its enactment, it will replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

Unlike its first draft which was published in 2015, the Foreign Investment Law does not specifically expand the definition of “foreign investment” to include entities established through a VIE structure but contains a catch-all provision under the definition of “foreign investment” which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council.

Moreover, Measures for Reporting of Information on Foreign Investment promulgated by the MOFCOM in December 2019 established a foreign investment information reporting system. Foreign investors or foreign-funded enterprises shall submit the investment information to competent governmental departments for commerce through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information to be reported shall be determined under the principle of necessity. Where foreign-investors or foreign-invested enterprises are found to be non-compliant with these information reporting obligations, competent department for commerce shall order corrections within a specified period; if such corrections are not made in time, a penalty of not less than RMB100,000 yet not more than RMB500,000 shall be imposed. Aside from the reporting system for foreign investment information, the Foreign Investment Law shall also establish a security examination mechanism for foreign investment and conducts security review of foreign investment that affects or may affect national security. The decision made upon the security examination in accordance with the law shall be final.

We will be subject to the Foreign Investment Law if our contractual arrangements with our VIE are defined or regarded as a form of foreign investment in the future.

Regulations on Dividend Distribution

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

As of December 31, 2020, the registered capital of our wholly foreign-owned subsidiary Qianxiang Shiji was US\$180.0 million, with paid-in capital of US\$175.0 million. Qianxiang Shiji has not made any profits to date, and thus is not subject to the statutory reserve fund requirement. Qianxiang Shiji has not and will not be able to pay dividends to our offshore entities until it generates accumulated profits and meets the requirements for statutory reserve funds. As of December 31, 2020, our PRC subsidiary Qianxiang Shiji had an accumulated deficit of approximately US\$48.2 million in accordance with PRC accounting standards and regulations.

Regulations on Offshore Investment by PRC Residents

In July 2014, SAFE promulgated the Notice on Relevant Issues Concerning Foreign Exchange Control of Domestic Residents’ Overseas Investment and Financing and Roundtrip Investment through Offshore Special Purpose Vehicles, or SAFE Circular 37, which replaced the former Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles, or SAFE Circular 75, promulgated by SAFE in 2005.

SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, which is referred to in SAFE Circular 37 as a “special purpose vehicle.” SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as an increase or decrease of capital contributed by PRC residents, share transfer or exchange, merger, division or other material events. In the event that a PRC resident holding interests in a special purpose vehicle fails to complete the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

We have made due inquiries with the competent local branch of SAFE regarding the applicability of the above foreign exchange registration requirements to our founder and our PRC resident shareholders.

Regulations on Employee Stock Options Plans

In 2007, SAFE issued implementing rules for the Administrative Measures of Foreign Exchange Matters for Individuals, which, among other things, specified approval requirements for certain capital account transactions, such as a PRC citizen's participation in employee stock ownership plans or share option plans of an overseas publicly listed company and it was further amended on May 29, 2016. In 2012, SAFE promulgated the Notice on the Administration of Foreign Exchange Matters for Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies, or the Stock Option Notice, which simplifies the requirements and procedures for the registration of stock incentive plan participants, especially in respect of the required application documents and the absence of strict requirements on offshore and onshore custodian banks.

Under these rules, for PRC resident individuals who participate in stock incentive plans of overseas publicly listed companies, which includes employee stock ownership plans, stock option plans and other incentive plans permitted by relevant laws and regulations, a PRC domestic qualified agent or the PRC subsidiary of such overseas listed company must, among other things, file on behalf of such resident an application with SAFE or its local counterpart to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the stock holding or share option exercises, as PRC residents may not directly use overseas funds to purchase shares or exercise share options. In addition, within three months after any substantial changes to any such stock incentive plan, including any changes due to a merger or acquisition or changes to the domestic or overseas custodian agent, the domestic agent must update the registration with SAFE.

Under the Foreign Currency Administration Rules, as amended in 2008, the foreign exchange proceeds of domestic entities and individuals can be remitted into China or deposited abroad, subject to the terms and conditions to be issued by SAFE. However, the implementing rules in respect of depositing the foreign exchange proceeds abroad have not been issued by SAFE. The foreign exchange proceeds from the sales of shares can be converted into Renminbi or transferred to such individuals' foreign exchange savings account after the proceeds have been remitted back to the special foreign exchange account opened at the PRC domestic bank. If share options are exercised in a cashless exercise, the PRC domestic individuals are required to remit the proceeds to special foreign exchange accounts.

In addition, the State Administration of Taxation has issued circulars concerning employee share options. Under these circulars, our employees working in China who exercise share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options with relevant tax authorities and withhold the individual income taxes of employees who exercise their share options.

Labor Laws and Social Insurance

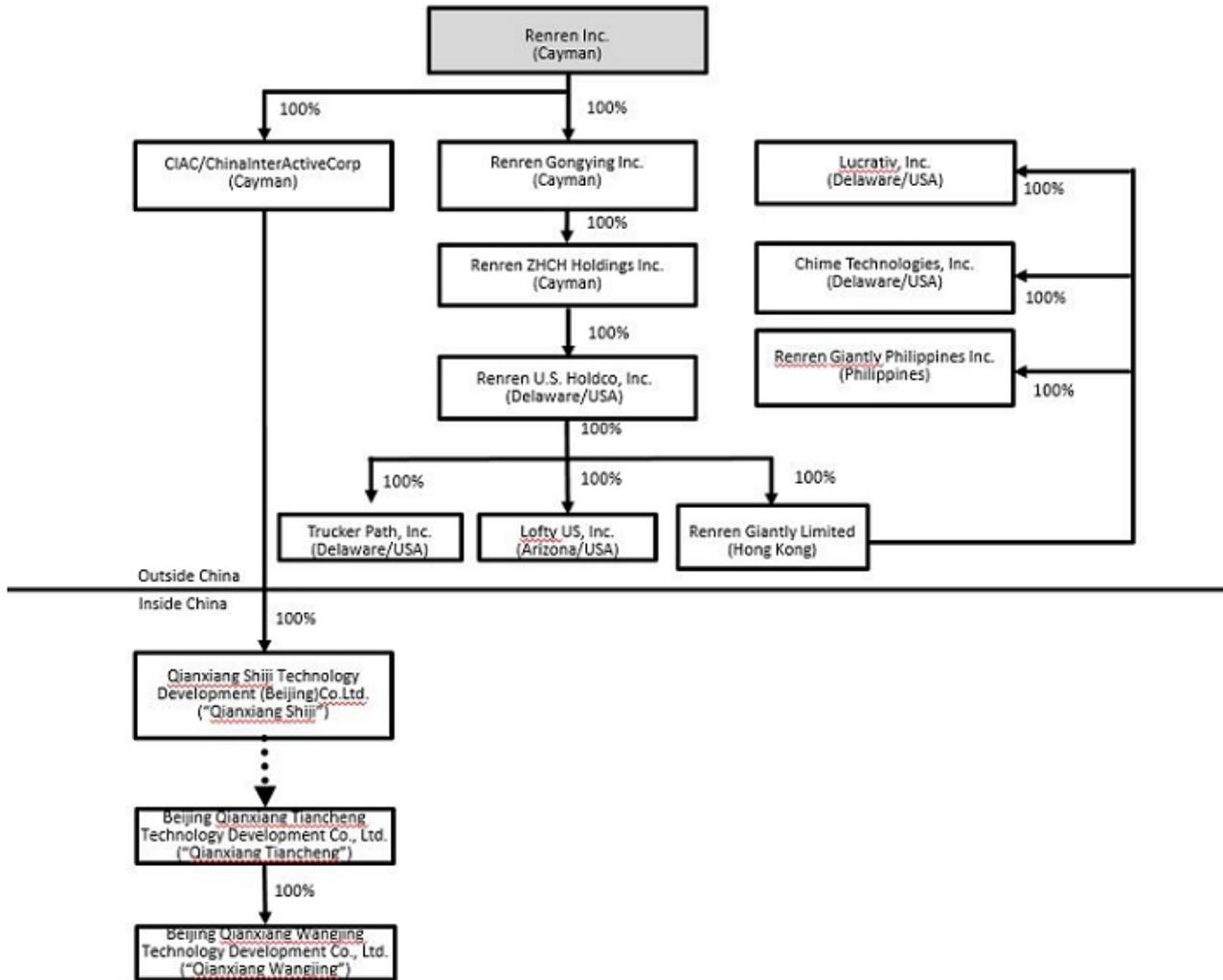
Pursuant to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees. All employers must compensate their employees with wages equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with workplace safety training. In addition, employers in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative liabilities. Criminal liability may arise for serious violations. To comply with these laws and regulations, we have caused all of our full-time employees to enter into labor contracts and provide our employees with the proper welfare and employment benefits.

Regulations on Concentration in Merger and Acquisition Transactions

In August 2006, six PRC regulatory agencies jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which were amended in 2009. The M&A Rule established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council in 2008 are triggered.

C. Organizational Structure

The following diagram illustrates our principal subsidiaries and consolidated affiliated entities as of the date of this annual report:



Note:

- (1) Qianxiang Tiancheng is 99% owned by Ms. Jing Yang, who is the wife of Mr. Joseph Chen, our founder, chairman and chief executive officer, and 1% owned by Mr. James Jian Liu, our director and chief operating officer. We effectively control Qianxiang Tiancheng as well as its subsidiaries through contractual arrangements. See “Item 4.C Organizational Structure— Contractual Arrangements with Our Consolidated Affiliated Entities” for more information.

Contractual Arrangements with Our Consolidated Affiliated Entities

Applicable PRC laws and regulations currently restrict foreign ownership of companies that provide value-added telecommunications services in China. In addition to this restriction, there currently exist other regulatory restrictions on foreign investments into a variety of industries in China into which we had invested through the holding of minority ownership of certain domestic companies.

To comply with these foreign ownership restrictions, our wholly owned subsidiary Qianxiang Shiji Technology Development (Beijing) Co., Ltd., or Qianxiang Shiji, has entered into series of contractual arrangements with Beijing Qianxiang Tiancheng Technology Development Co., Ltd., or Qianxiang Tiancheng, and its shareholders. These agreements enable us to:

- exercise effective control over Qianxiang Tiancheng and its subsidiaries through powers of attorney and business operations agreements;
- receive substantially all of the economic benefits of Qianxiang Tiancheng and its subsidiaries in the form of service and license fees in consideration for the technical services provided, and the intellectual property rights licensed, by Qianxiang Shiji; and
- have an exclusive option to purchase all of the equity interests in Qianxiang Tiancheng when and to the extent permitted under PRC laws, regulations and legal procedures.

We have been, and are expected to continue to be, dependent on our contractual arrangements with Qianxiang Tiancheng and its shareholders to operate substantially all of our business in China as long as PRC law does not allow us to directly operate such business in China. We rely on our consolidated affiliated entities, namely Qianxiang Tiancheng and its subsidiaries, to maintain or renew their respective qualifications, licenses or permits necessary for our business in China. We believe that under our contractual arrangements, we have substantial control over our consolidated affiliated entities and their respective shareholders to renew, revise or enter into new contractual arrangements prior to the expiration of the current arrangements on terms that would enable us to continue to operate our business in China after the expiration of the current arrangements, or pursuant to certain amendments and changes of the current applicable PRC laws, regulations and rules on terms that would enable us to continue to operate our business in China legally. For a detailed description of the regulatory environment that necessitates the adoption of our corporate structure, see “Item 4.B—Business Overview—Regulation.” For a detailed description of the risks associated with our corporate structure and the contractual arrangements that support our corporate structure, see “Item 3.D—Key Information—Risk Factors—Risks Related to Our Corporate Structure and the Regulation of our Business.”

The business operation of Qianxiang Shiji is within the approved business scope as set forth in its business license, which includes research and development of computer software, communication software and system integration; sale of self-produced products; and provision of after-sale technical consulting and services.

Qianxiang Tiancheng is a limited liability companies established in China. Its approved business scope includes the provision of internet information, internet advertising and advertising agency services, and it holds an internet content provision license, or ICP license. Qianxiang Tiancheng is 99% owned by Ms. Jing Yang, who is the wife of Mr. Joseph Chen, our founder, chairman and chief executive officer, and 1% owned by Mr. James Jian Liu, our executive director and chief operating officer. Both Ms. Yang and Mr. Liu are PRC citizens.

The following is a summary of the currently effective contracts between our subsidiary Qianxiang Shiji, our consolidated affiliated entity Qianxiang Tiancheng, and the shareholders of Qianxiang Tiancheng. These contracts provide us with the power to direct the activities that most significantly affect the economic performance of our consolidated affiliated entities and enable us to receive substantially all the economic benefits from them.

Business Operations Agreements. Pursuant to a business operations agreement between Qianxiang Shiji, Qianxiang Tiancheng and its shareholders, Qianxiang Tiancheng shall appoint the candidates designated by Qianxiang Shiji as the executive director or directors, general manager, chief financial officer and any other senior officers of Qianxiang Tiancheng. Qianxiang Tiancheng agrees to follow the proposal provided by Qianxiang Shiji from time to time relating to employment, daily operation and financial management. Without Qianxiang Shiji’s prior written consent, Qianxiang Tiancheng shall not conduct any transaction that may materially affect its assets, obligations, rights or operations, including but not limited to, (i) incurrence or assumption of any indebtedness, (ii) sale or purchase of any assets or rights, (iii) incurrence of any encumbrance on any of its assets or intellectual property rights in favor of a third party, or (iv) transfer of any rights or obligations under this agreements to a third party. The term of this agreement has been extended automatically for ten years starting from December 23, 2020. Qianxiang Shiji may terminate the agreement at any time by providing a 30-day advance written notice to Qianxiang Tiancheng and to each of its shareholders. Neither Qianxiang Tiancheng nor any of its shareholders may terminate this agreement during the term or the extension of the term, if applicable.

Powers of Attorney. Pursuant to powers of attorney, the shareholders of Qianxiang Tiancheng each irrevocably appointed our executive director and chief operating officer, Mr. James Jian Liu (the person designated by Qianxiang Shiji) as their attorney-in-fact to vote on their behalf on all matters of Qianxiang Tiancheng that requires shareholder approval under PRC laws and regulations as well as Qianxiang Tiancheng’s articles of association. The appointment of Mr. Liu is conditional upon his being the employee and the designated person of Qianxiang Shiji. Each power of attorney will remain in effect from December 22, 2020 to December 21, 2030, unless and until the earlier of the following events: (i) Mr. Liu loses his position in Qianxiang Shiji or Qianxiang Shiji issues a written notice to dismiss or replace Mr. Liu; and (ii) the business operations agreement between Qianxiang Shiji, Qianxiang Tiancheng and its shareholders terminates or expires.

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

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

If such restrictions are relaxed, we will, through Qianxiang Shiji, exercise the option and purchase all or part of the equity interests in Qianxiang Tiancheng.

Exclusive Technical Service Agreements. Pursuant to an exclusive technical service agreement between Qianxiang Shiji and Qianxiang Tiancheng, Qianxiang Shiji has the exclusive right to provide certain technical services, including maintenance of servers, development, updating and upgrading of web user application software, e-commerce technical services, to Qianxiang Tiancheng. Without Qianxiang Shiji's prior written consent, Qianxiang Tiancheng shall not engage any third party to provide any of the technical services under this agreement. In addition, Qianxiang Shiji exclusively owns all intellectual property rights resulting from the performance of this agreement. Qianxiang Tiancheng agrees to pay a service fee to Qianxiang Shiji at a specific fee rate proposed by Qianxiang Shiji. Qianxiang Shiji shall have the right to adjust at any time the fee rate based on the quantity, difficulty and urgency of the services it provides to Qianxiang Tiancheng and other factors. The term of this agreement has been extended automatically for ten years starting from December 23, 2020. Qianxiang Shiji can terminate the agreement at any time by providing a 30-day prior written notice. Qianxiang Tiancheng is not permitted to terminate this agreement prior to the expiration of the term, unless Qianxiang Shiji fails to comply with any of its obligations under this agreement and such breach makes Qianxiang Shiji unable to continue to perform this agreement.

Intellectual Property Right License Agreements. Pursuant to an intellectual property right license agreement between Qianxiang Shiji and Qianxiang Tiancheng, Qianxiang Shiji grants a non-exclusive and non-transferable license, without sublicense rights, to Qianxiang Tiancheng to use certain of the domain names, registered trademarks and non-patent technology (software) owned by Qianxiang Shiji. Qianxiang Tiancheng may only use the intellectual property rights in its own business operations. The amount, payment method and classification of the license fees under this agreement shall be determined based on the precondition that they facilitate Qianxiang Shiji's securing of all preferential treatments under the PRC tax policies and shall be agreed by both Qianxiang Shiji and Qianxiang Tiancheng considering, among other things, the following factors: (i) the number of users purchasing Qianxiang Tiancheng's products or receiving Qianxiang Tiancheng's services; and (ii) the types and quantity of the intellectual property rights, which are specified under this agreement, actually used by Qianxiang Tiancheng for selling products or providing services to its users. On December 1, 2015, Qianxiang Shiji and Qianxiang Tiancheng entered into a supplementary agreement to extend the terms of this agreement for ten years, pursuant to which the current term expires on December 1, 2025. Qianxiang Shiji may terminate this agreement at any time by providing a 30-day prior written notice. Any party may terminate this agreement immediately with written notice to the other party if the other party materially breaches the relevant agreement and fails to cure its breach within 30 days from the date it receives the written notice specifying its breach from the non-breaching party. The parties will review this agreement every three months and determine if any amendment is needed.

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

Loan Agreements. Under loan agreements between Qianxiang Shiji and each of the shareholders of Qianxiang Tiancheng, Qianxiang Shiji made interest-free loans in an aggregate amount of RMB10.0 million (US\$1.4 million) to the shareholders of Qianxiang Tiancheng exclusively for the purpose of the initial capitalization and the subsequent financial needs of Qianxiang Tiancheng. The loans can only be repaid with the proceeds derived from the sale of all of the equity interests in Qianxiang Tiancheng to Qianxiang Shiji or its designated representatives pursuant to the equity option agreements. The term of the loans has been automatically extended for ten years starting from December 23, 2020.

D. Property, Plants and Equipment

Our principal executive offices are located at 4/F, Tower D, Building 15, No. 5 Jiangtai Road, Chaoyang District, Beijing, 100015, People's Republic of China, where we lease approximately 804 square meters of office space. We also lease approximately an additional 911 square meters of office space in Wuhan in central China. We lease our premises from unrelated third parties under non-cancelable operating lease agreements.

Some of the lessors of our leased premises in China do not have valid title to such premises or proper authorization from the title owner to sublease such premises. For further details, see "Item 3.D. Risk Factors—Risks Related to Our Business and Industry— The leasehold interests of some of our consolidated affiliated entities might not be fully protected by the terms of the relevant lease agreements due to defects in or the landlord's failure to provide certain title documents with respect to some of our leased properties."

We also lease approximately 15,231 square feet of office space in the United States and approximately 765 square meters of office space in the Philippines for our SaaS business team.

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

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3.D. Risk Factors" and elsewhere in this annual report on Form 20-F.

A. Operating Results

Overview

Historically, a significant majority of our revenue was generated from our used automobile business, which was operated by Kaixin Auto Holdings. During our active search for alternatives to dispose of the used automobile business under Kaixin, a binding term sheet was entered into between Kaixin and Haitaoche Limited on November 2, 2020, which sets forth the terms and conditions of an acquisition transaction between Kaixin and Haitaoche Limited. On December 31, 2020, Kaixin announced that it entered into a share purchase agreement with the shareholders of Haitaoche Limited. Pursuant to the share purchase agreement, Kaixin will acquire 100% of the share capital of Haitaoche Limited from the shareholders. As consideration for the Haitaoche Acquisition, Kaixin will issue 74,035,502 ordinary shares of its own to the shareholders of Haitaoche Limited. Upon consummation of the Haitaoche Acquisition, Haitaoche Limited's shareholders will obtain control of Kaixin, and Kaixin will cease to be our subsidiary. As a result, we reevaluated our segments and now have classified the used automobile business as discontinued operations. As of December 31, 2020, we had only one reportable segment, namely the Renren segment.

Currently, Renren operates several SaaS businesses. Our primary SaaS services include Chime, all-in-one real estate solution provider, and Trucker Path, a transportation network company specializing in online and mobile services for the trucking industry in the United States. The majority of our revenues are generated by our SaaS businesses.

Our business model has been evolving continuously in response to changes in internet culture and competitive pressures in China. At the time of our initial public offering in May 2011, we were primarily a social networking service platform, and we had a number of ancillary businesses that were intended to monetize that platform. We gradually disposed of most of those ancillary businesses in the years that followed our initial public offering. We disposed of Nuomi, our group-buy e-commerce business, in two stages in October 2013 and February 2014. We disposed of 56.com, our on-line video business, in December 2014. We disposed of our online games business in March 2016. We eventually disposed of our social networking service platform entirely in December 2018. We disposed of Woxiu, live streaming business, in June 2019.

Our SaaS businesses are more recent in origin. Our SaaS businesses began with our launch of Chime in August 2016 and it was further expanded by our acquisition of Geographic Farming, LLC, in August 2017, which had been suspended in June 2020. In December 2017, we acquired 100% of Trucker Path, Inc., a transportation network company specializing in online and mobile services for the trucking industry in the United States. Its core product is the Trucker Path app, a trip planning companion for truck drivers, which enables a large community of truck drivers to assist each other in updating the real-time status of relevant points-of-interest on their route. Unlike our other businesses, our SaaS businesses are currently focused on the U.S. market rather than the China market.

As our business model was transitioning, we made a series of long-term investments in privately held companies that we believed would offer us synergies or access to resources and know-how. The majority of these investments by value was concentrated in the fields of internet finance, social finance, and real estate investment and management, and the number and aggregate size of these investments was significant. As of December 31, 2017, we had US\$565.4 million of long-term investments, including US\$318.8 million in equity method investments, US\$144.8 million in cost method investments, and US\$101.8 million in available-for-sale investments. However, due to the risk of being deemed to be an investment company, we disposed of most of these investments together with our ZenZone advertising agency business in June 2018. See "Item 4. Information on the Company—A. History and Development of the Company—The OPI Transaction."

Our total revenues from the Renren segment decreased from US\$66.8 million in 2018 and decreased to US\$15.1 million in 2019 and increased to US\$18.1 million in 2020, and loss from continuing operations were US\$69.9 million, US\$38.4 million and US\$16.8 million in 2018, 2019 and 2020, respectively.

Impact of COVID-19 on Our Operations and Financial Performance

Our results of operations have been, and could continue to be adversely, and may be materially, affected, to the extent that the COVID-19 or any other epidemic harms the Chinese and global economy in general. Any potential impact to our results will depend on, to a large extent, future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or treat its impact, almost all of which are beyond our control.

The potential downturn brought by and the duration of the COVID-19 pandemic may be difficult to assess or predict where actual effects will depend on many factors beyond our control. The extent to which the COVID-19 pandemic impacts our long-term results remains uncertain, and we are closely monitoring its impact on us. During the year ended December 31, 2020, our operations have been significantly affected by the COVID-19 pandemic. There are still significant uncertainties of COVID-19's future impact, and the extent of the impact will depend on a number of factors, including the duration and severity of COVID-19, possibility of new waves in China, the development and progress of distribution of COVID-19 vaccine and other medical treatment, the potential change in user behavior, especially on internet usage due to the prolonged impact of COVID-19, the actions taken by government authorities, particularly to contain the outbreak, stimulate the economy to improve business condition especially for SMEs, almost all of which are beyond our control. See also "Risk Factors—Risks Related to Our Business and Industry—Our business has been and is likely to continue to be materially adversely affected by the outbreak of COVID-19 in China."

The major factors affecting our results of operations and financial condition are discussed below.

Revenues

We derive all of our revenues from SaaS subscription services, advertising services and other services. We recognize our revenues net of business taxes or value added tax, as applicable.

The following table sets forth the principal components of our revenues, both as dollar amounts and as percentages of our total revenues from our continuing operations, for the periods presented.

	Years ended December 31,					
	2018		2019		2020	
	(in thousands of US\$, except for percentages)					
	US\$	%	US\$	%	US\$	%
Revenues:						
Automobile sales	\$ 47,226	70.7%	\$ —	—%	\$ —	—%
SaaS revenue	5,748	8.6%	8,261	54.8%	17,519	96.8%
Other services	13,820	20.7%	6,824	45.2%	587	3.2%
Total revenues	\$ 66,794	100.0%	\$ 15,085	100.0%	\$ 18,106	100.0%

Automobile sales

Our revenues from automobile sales consist primarily of revenues generated from the sale of used automobiles to customers made through our Ji'nan dealership, which was a subsidiary of the Renren segment.

SaaS revenue

Our SaaS revenue consists primarily of revenue generated from the subscription services and advertising services provided by the all-in-one real estate solution provider, Chime, and by Trucker Path, which enables a large community of truck drivers to assist each other in updating the real-time status of relevant points-of-interest on their route and also brings truck drivers, brokers and shippers together in a single online freight marketplace.

Other Services

Our revenues from other services consist primarily of live streaming revenue from Woxiu, which was disposed of in June 2019. We did not record this disposition as a discontinued business because Woxiu's assets and revenues were not material and we do not consider this disposition as a strategy shift.

Cost of Revenues

The following table sets forth the principal components of our cost of revenues, both as dollar amounts and as percentages of our total revenues from our continuing operations, for the periods presented.

	Years ended December 31,					
	2018		2019		2020	
	(in thousands of US\$, except for percentages)					
	US\$	%	US\$	%	US\$	%
Cost of revenues:						
Automobile sales	\$ 50,531	75.7%	\$ —	—%	\$ —	—%
SaaS business	2,331	3.5%	1,743	11.6%	3,353	18.5%
Other services	9,635	14.4%	4,975	33.0%	98	0.5%
Total cost of revenues	\$ 62,497	93.6%	\$ 6,718	44.6%	\$ 3,451	19.0%

Automobile sales

For automobile sales, our cost of revenues consists primarily of the costs directly related to automobile sales, including inventory acquisition, inspection and reconditioning and write-down of inventories.

SaaS business

For SaaS business, our cost of revenues includes salaries and benefits for employees whose services are directly related to the generation of revenues and bandwidth costs we pay to telecommunications carriers for hosting of servers.

Other services

Cost of revenues for other services consists primarily of commissions that were paid to mobile live streaming performers and Woxiu performers. Such commissions were calculated as a percentage of the revenues we generate from the sales of virtual items that fans of the performers have purchased.

Other costs include salaries and benefits for employees whose services are directly related to the generation of revenues, fees we pay to telecommunications carriers and other service providers for telecommunications services and for hosting our servers at their internet data centers, depreciation expenses for the depreciation of servers and other equipment that are directly related to our business operations and technical support in our cost of revenues, and fees we pay to license content from copyright owners or content distributors.

Operating Expenses

Our operating expenses consist of selling and marketing expenses, research and development expenses, and general and administrative expenses. The following table sets forth our operating expenses for continuing operations, both as dollar amounts and as percentages of our total revenues, for the periods indicated.

	Years ended December 31,					
	2018		2019		2020	
	(in thousands of US\$, except for percentages)					
	US\$	%	US\$	%	US\$	%
Operating expenses (income):						
Selling and marketing	10,485	15.7%	10,780	71.4%	8,293	45.8%
Research and development	21,930	32.8%	22,791	151.1%	11,347	62.7%
General and administrative	48,082	72.0%	10,089	66.9%	22,242	122.8%
Bad debt provision of prepaid expenses and other current assets	—	—%	418	2.8%	—	—%
Provision of amount due from a related party	—	—%	12,408	82.2%	—	—%
Impairment of goodwill	29,055	43.5%	9,288	61.6%	—	—%
Gain on disposal of property and equipment	(25,928)	(38.8)%	—	—%	—	—%
Total operating expenses	\$ 83,624	125.2%	\$ 65,774	436.0%	\$ 41,882	231.3%

Our selling and marketing expenses, research and development expenses and general and administrative expenses include share-based compensation charges.

Selling and marketing expenses

Selling and marketing expenses consist primarily of salaries, benefits and commissions for our sales and marketing personnel and advertising and promotion expenses. Our selling and marketing expenses may increase in the near term if we increase our promotion expenses for our Renren brand and our SaaS business.

Research and development expenses

Research and development expenses consist primarily of salaries and benefits for research and development personnel. Our research and development expenses may increase in the near term on an absolute basis as we intend to hire additional research and development personnel to develop new features for our various services and further improve our technology infrastructure.

General and administrative expenses

General and administrative expenses consist primarily of salaries and benefits for our general and administrative personnel, write-offs of advances to third parties, and fees and expenses for third-party professional services. Our general and administrative expenses may increase in the future on an absolute basis as our used automobile business grows.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

PRC

The Enterprise Income Tax Law applies a uniform enterprise income tax rate of 25% to all domestic enterprises and foreign invested enterprises and defines new tax incentives for qualifying entities. Dividends, interests, rent or royalties paid by a PRC entity to foreign non-resident enterprise investors, and proceeds from the disposition of assets by such foreign enterprise investors, will generally be subject to a 10% withholding tax.

Under the Enterprise Income Tax Law, an enterprise established outside of the PRC with “de facto management bodies” located within the PRC is considered a PRC resident enterprise and therefore will be subject to a 25% PRC enterprise income tax on its global income. The implementation rules define “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” In addition, SAT Circular 82 treats a Chinese-controlled enterprise established outside of China as a PRC resident enterprise with “de facto management bodies” located in the PRC for tax purposes where all of the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily production or business operations are located in the PRC; (ii) its financial and human resource decisions are subject to determination or approval by persons or bodies in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders’ meetings are located or kept in the PRC; and (iv) more than half of the enterprise’s board members with voting rights or senior management habitually reside in the PRC. In addition, the State Administration of Taxation issued a bulletin effective September 1, 2011 to provide more guidance on the implementation of the above circular. The bulletin made clarification in the areas of resident status determination, post-determination administration and competent tax authorities. It also specifies that when provided with a copy of Chinese tax resident determination certificate from a resident Chinese controlled offshore incorporated enterprise, the payer should not withhold 10% income tax when paying the Chinese-sourced dividends, interest, royalties, etc. to the Chinese controlled offshore incorporated enterprise. Although both the circular and the bulletin only apply to offshore enterprises controlled by PRC enterprises and not those by PRC individuals, the determination criteria set forth in the circular and administration clarification made in the bulletin may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals. Despite the uncertainties resulting from limited PRC tax guidance on the issue, we do not believe that our legal entities organized outside of the PRC constitute PRC resident enterprises under the Enterprise Income Tax Law. If we were considered a PRC resident enterprise for tax purposes, we would be subject to the PRC enterprise income tax at the rate of 25% on our global income for the period after January 1, 2008. Given that Circular 82 was issued regarding overseas enterprises controlled by PRC enterprises (not those controlled by PRC individuals), it is not strictly applicable to us. As of December 31, 2020, we had not accrued reserves for PRC tax on such basis.

Discontinued Operations

In November 2015, our board of directors approved the disposition of our online games business as part of our change in strategic direction to focus more on our internet finance business. We disposed of our entire online games business in March 2016. As a result, our financial statements now reflect the deconsolidation of Nuomi’s, Guangzhou Qianjun Internet Technology Co., Ltd.’s and our online games business’s operating results. Retrospective adjustments to the historical statement of operations have also been made to provide a consistent basis of comparison for the financial results. Specifically, Nuomi’s, Guangzhou Qianjun Internet Technology Co., Ltd.’s and our online games business’s operational results have been excluded from our financial results from continuing operations and have been separately reclassified to discontinued operations.

In June 2018, we disposed of Oak Pacific Investment (OPI) in the OPI Transaction. Oak Pacific Investment held one active business, our ZenZone advertising agency business, as well as shares in 44 portfolio companies and interests in 6 investment funds. These portfolio companies and investment funds represented the overwhelming majority of our long-term investments in terms of both book value and fair market value at the time. The disposal of OPI represented a strategic shift and had a major effect on our results of operations. Accordingly, revenues and expenses and cash flows related to OPI have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. The consolidated statements of operations and consolidated statements of cash flows for the year ended December 31, 2018 have been adjusted to reflect this change. Specifically, we recognized a gain on deconsolidation of OPI of US\$182.4 million in 2018.

In December 2018, we disposed all of our tangible and intangibles assets related to www.renren.com and its related SNS business. The disposal of its SNS business represented a strategic shift and had a major effect on our results of operations. Accordingly, revenues and expenses and cash flows related to the SNS business have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. The consolidated statements of operations and consolidated statements of cash flows for the years ended December 31, 2018 have been adjusted to reflect this change. Specifically, we recognized a gain on deconsolidation of the SNS business of US\$59.7 million in 2018.

In November 2020, Kaixin entered into a binding term sheet with Haitaoche pursuant to which Haitaoche will merge with a newly formed wholly-owned subsidiary of ours, with Haitaoche continuing as the surviving entity and a wholly-owned subsidiary of ours. We refer to this transaction as the Haitaoche Acquisition throughout this annual report. In December 2020, a definitive share purchase agreement was entered into between Kaixin and Haitaoche in connection with the Haitaoche Acquisition pursuant to which Kaixin agrees to issue to shareholders of Haitaoche an aggregate of 74,035,502 ordinary shares of Kaixin in exchange of 100% share capital of Haitaoche. The closing of the Haitaoche Acquisition is subject to a number of closing conditions, including the relevant approval by the Nasdaq Stock Market pursuant to Rule 5110(a) of the Nasdaq Stock Market. Kaixin received such approval on April 15, 2021. As of the date of this annual report, the Haitaoche Acquisition had not been consummated. We expect the Haitaoche Acquisition to be consummated in the first half of 2021. Upon the consummation of the Haitaoche Acquisition, we would hold approximately 33.8% of Kaixin's ordinary shares and no longer have the voting control in Kaixin. The disposal of Kaixin represents a strategic shift and has a major effect on our result of operations. Accordingly, assets, liabilities, revenues and expenses and cash flows related to Kaixin have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. The consolidated balance sheets as of December 31, 2019 and 2020, consolidated statements of operations and consolidated statements of cash flows for the years ended December 31, 2018, 2019 and 2020 have been adjusted to reflect this change. Specifically, operational loss of US\$107.7 million, US\$69.1 million and US\$5.3 million in 2018, 2019 and 2020, respectively, have been excluded from our financial results from continuing operations and have been separately reclassified to discontinued operations.

Critical Accounting Policies

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect our reporting of, among other things, assets and liabilities, contingent assets and liabilities and revenues and expenses. We regularly evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and other factors that we believe to be relevant under the circumstances. Since our financial reporting process inherently relies on the use of estimates and assumptions, our actual results could differ from what we expect. This is especially true with some accounting policies that require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our audited consolidated financial statements because they involve the greatest reliance on our management's judgment.

Revenue Recognition

We recognize revenue when control of the good or service has been transferred to the customer, generally upon delivery to a customer. The contracts have a fixed contract price and revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. We 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 revenues or cost of revenues. We generally expense sales commissions when incurred because the amortization period would have been less than one year. These costs are recorded within selling expenses. We do not have any significant financing payment terms as payment is received at or shortly after the point of sale.

We adopted the Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers 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 we historically recognized revenue, the adoption of ASC 606 did not have a material impact on the amount or timing of its revenue recognition and we recorded no cumulative effect adjustment upon adoption.

Our major sources of revenues are generated from our SaaS services, automobile sales and other services.

SaaS services

The SaaS revenue mainly includes the revenue generated from the subscription services and advertising services provided by Chime, the all-in-one real estate solution provider, and Trucker Path, which enables a large community of truck drivers to assist each other in updating the real-time status of relevant points-of-interest on their route and also brings truck drivers, brokers and shippers together in a single online freight marketplace. We recognize revenue for subscription services over the subscription periods. For Chime's advertising service, we act as an agent to place advertisement on the third-party website or platforms. For Trucker Path's advertising service, we act as principal to place advertisement on Trucker Path's APP. We recognize revenue for advertising services over the advertising periods.

Automobile sales

We purchase 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. We satisfy our performance obligation for used vehicle sales upon delivery whereby customers pick up the vehicles from the dealer shops. We recognize revenue at the agreed upon purchase price stated in the contract.

Other services

Other services mainly include IVAS revenues from the live streaming business. We design, create and offer various virtual items for sales to users with pre-determined stand-alone selling price. Revenue related to each of consumable virtual items as a single performance obligation provided on a consumption basis, is recognized at the point of time when the virtual item is transferred directly to users and consumed by them. We ceased the live streaming business since June 2019.

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 annually, or more frequently if event and circumstances indicate that they might be impaired. We have 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, we consider 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.

We have adopted Accounting Standards Update (“ASU”) 2017-04, Simplifying the Test for Goodwill Impairment, for annual goodwill impairment tests from January 1, 2019. This guidance removes Step 2 of the goodwill impairment test, which required the estimation of an implied fair value of goodwill in the same manner as the calculation of goodwill upon a business combination. Under the new amendments, our goodwill impairment review involves the following steps: 1) qualitative assessment – evaluate qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The factors we consider include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, financial performance or events-specific to that reporting unit. If or when we determines it is more likely than not that the fair value of a reporting unit is less than the carrying amount, including goodwill, we would move to the quantitative method; 2) quantitative method –we performs the quantitative fair value test by comparing the fair value of a reporting unit with its carrying amount and an impairment charge is measured as 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.

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 the income approach. 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 our business, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our 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.

The Company recorded goodwill impairment from continued operations of \$29.1 million, \$9.3 million and \$nil, and \$nil, \$74.1 million and \$nil from discontinued operations for the years ended December 31, 2018, 2019 and 2020, respectively.

Contingent consideration

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. If the classification of the contingent consideration changes as a result of events during the period, the contingent consideration is reclassified as of the date of the event that causes the reclassification. If the contingent consideration is reclassified from a liability to equity, gains or losses recorded to account for the arrangement at fair value during the period in which it was classified as a liability is not reversed. Fair value change gain of contingent consideration of US\$19.9 million, US\$20.7 million and fair value change loss of US\$1.0 million was recorded in our consolidated statements of operations for the years ended December 31, 2018, 2019 and 2020, respectively.

As of December 31, 2020, contingent consideration carries a balance of US\$2.1 million, whose fair value is related to certain consideration payment triggers, including the operating performance of the used car dealership and after-sale service center operators for each of the five years following April 30, 2019, Kaixin’s operating performance in 2019 and 2020, and Kaixin’s share price from May 1, 2019 to October 31, 2021.

Accounting Pronouncements Newly Adopted

Newly adopted accounting pronouncements that are relevant to us are included in note 2 to our audited consolidated financial statements, which are included in this annual report.

Recent Accounting Pronouncements Not Yet Adopted

Not yet adopted accounting pronouncements that are relevant to us are included in note 2 to our audited consolidated financial statements, which are included in this annual report.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years indicated. Our business has evolved rapidly in recent years. We believe that period-to-period comparisons of our results of operations should not be relied upon as indicative of future performance.

	Years ended December 31,		
	2018	2019	2020
(in thousands of US\$)			
Revenues			
Automobile sales	47,226	—	—
SaaS revenue	5,748	8,261	17,519
Other services	13,820	6,824	587
Total revenues	66,794	15,085	18,106
Cost of revenues:			
Automobile sales	(50,531)	—	—
SaaS business	(2,331)	(1,743)	(3,353)
Other services	(9,635)	(4,975)	(98)
Total cost of revenues	(62,497)	(6,718)	(3,451)
Gross profit	4,297	8,367	14,655
Operating expenses:			
Selling and marketing	(10,485)	(10,780)	(8,293)
Research and development	(21,930)	(22,791)	(11,347)
General and administrative	(48,082)	(10,089)	(22,242)
Bad debt provision of prepaid expenses and other current assets	—	(418)	—
Provision of amount due from a related party	—	(12,408)	—
Impairment of goodwill	(29,055)	(9,288)	—
Gain on disposal of property and equipment	25,928	—	—
Total operating expenses	(83,624)	(65,774)	(41,882)
Loss from operations	(79,327)	(57,407)	(27,227)
Other (expenses) income	(1,202)	1,523	3,543
Fair value change gain (loss) of contingent consideration	19,899	20,662	(1,027)
Impairment of long-term investments	—	(2,000)	—
Interest income	5,185	8,776	8,079
Interest expenses	(842)	(566)	(303)
Realized loss on disposal of long-term investments	(2,141)	—	—
Total non-operating income	20,899	28,394	10,292
Loss before provision of income tax and (loss) earnings in equity method in investments and noncontrolling interest, net of tax	(58,428)	(29,012)	(16,935)
Income tax (expenses) benefits	(8,988)	(1,944)	65
Loss before (loss) earnings in equity method investments and noncontrolling interest, net of tax	(67,416)	(30,956)	(16,870)
(Loss) earnings in equity method investments, net of tax	(2,463)	(7,464)	70
Loss from continuing operations	(69,879)	(38,420)	(16,800)

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

Revenues. Our revenues increased by 20.0% from US\$15.1 million in 2019 to US\$18.1 million in 2020. This increase was primarily due to the increase in revenue from SaaS business.

- **SaaS business.** SaaS revenues increased by 113.4% from US\$8.2 million in 2019 to US\$17.5 million in 2020. The increase was primarily due to the expansion of the SaaS businesses, which mainly include the subscription services and advertising services provided by Chime and Trucker Path.
- **Other Services.** Our other services revenues decreased by 91.4% from US\$6.8 million in 2019 to US\$0.6 million in 2020. The decrease was primarily due to the disposal of the Woxiu business in June 2019.

Cost of revenues. Our cost of revenues decreased by 48.6% from US\$6.7 million in 2019 to US\$3.5 million in 2020. This decrease was primarily due to the decrease in our cost of revenues for other services, which decreased by 98.0% from US\$5.0 million in 2019 to US\$0.1 million in 2020. The decrease was primarily due to a decrease of commission cost we paid to our Woxiu performers.

Operating expenses. Our operating expenses decreased by 36.3% from US\$65.8 million in 2019 to US\$41.9 million in 2020, primarily due to a US\$9.3 million impairment of goodwill and a US\$12.4 million provision of amount due from a related party in 2019.

- **Selling and marketing.** Our selling and marketing expenses decreased by 23.0% from US\$10.8 million in 2019 to US\$8.3 million in 2020. This decrease was primarily due to the decrease in headcount and personnel-related expenses.
- **Research and development.** Our research and development expenses decreased by 50.2% from US\$22.8 million in 2019 to US\$11.3 million in 2020. This decrease was primarily due to the decrease in headcount and personnel-related expenses.
- **General and administrative.** Our general and administrative expenses increased by 119.8% from US\$10.1 million in 2019 to US\$22.2 million in 2020. The increase was primarily due to an increase in share-based compensation expenses.
- **Impairment of goodwill.** Our impairment of goodwill was nil in 2020 compared with US\$9.3 million in 2019, primarily due to impairment losses on goodwill arising from our acquisition of Trucker Path, Inc.
- **Provision of amount due from a related party.** We had bad debt provision of amounts due from a related party of US\$12.4 million in 2019 as the counter party failed to make payments under the agreed extended repayment plan. We had no bad debt provision of amount due from a related party in 2020.

Other income (expenses). We had other income of US\$3.5 million in 2020, compared with other income of US\$1.5 million in 2019.

Fair value change of contingent consideration. Our fair value change of contingent consideration was a loss of US\$1.0 million in 2020, compared with an income of US\$20.7 million in 2019. The fluctuation was mainly due to the change in estimates of the expected shares to be delivered to settle the contingent consideration to acquired dealerships of Kaixin and change in Kaixin's share price.

Interest income. Our interest income was US\$8.1 million in 2020, compared with US\$8.8 million in 2019. Our interest income was primarily interest from the note issued to us by Oak Pacific Investment in the OPI Transaction.

Interest expenses. Our interest expense was US\$0.3 million in 2020, compared with US\$0.6 million in 2019. The interest expense in 2019 and 2020 was primarily due to interest on loans that we borrowed from commercial banks.

(Loss) earnings in equity method investments. Our earnings in equity method investments was US\$0.1 million in 2020, compared with a loss of US\$7.5 million in 2019. The fluctuation was mainly due to the impairment of US\$6.2 million in 2019.

Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

Revenues. Our revenues decreased by 77.4% from US\$66.8 million in 2018 to US\$15.1 million in 2019. This decrease was primarily due to the decrease in revenue from used automobile sales.

- **Automobile sales.** Automobile sales revenues decreased by 100% from US\$47.2 million in 2018 to nil in 2019. The decrease was mainly because we ceased to operate Ji'nan dealership since August 2018.
- **SaaS revenue.** Our SaaS revenue increased by 45.6% from US\$5.7 million in 2018 to US\$8.3 million in 2019.
- **Other Services.** Our other services revenues decreased by 50.7% from US\$13.8 million in 2018 to US\$6.8 million in 2019. The decrease was primarily due to the disposal of Woxiu business in June 2019.

Cost of revenues. Our cost of revenues decreased by 89.2% from US\$62.5 million in 2018 to US\$6.7 million in 2019. This decrease was primarily due to the decrease in cost of automobile sales.

- **Automobile sales.** Cost of automobile sales accounted for 80.8% of our total cost of revenues in 2019. The cost of revenue for automobile sales decreased from US\$50.5 million in 2018 to nil in 2019 was primarily due to we ceased to operate Ji'nan dealership since August 2018.
- **SaaS business.** Our cost of revenue for SaaS business decreased by 26.1% from US\$2.3 million in 2018 to US\$1.7 million in 2019. The decrease was primarily due to the decrease in cost of Geographic Farming, which was terminated and ceased operations in June 2020.
- **Other services.** Our cost of revenues for other services decreased by 47.9% from US\$9.6 million in 2018 to US\$5.0 million in 2019. The decrease was primarily due to a decrease of commission cost we paid to our Woxiu performers.

Operating expenses. Our operating expenses decreased by 21.3% from US\$83.6 million in 2018 to US\$65.8 million in 2019, due in particular to the decrease in impairment of goodwill.

- **Selling and marketing.** Our selling and marketing expenses increased by 2.8% from US\$10.5 million in 2018 to US\$10.8 million in 2019. This increase was primarily due to the increase in headcount and personnel-related expenses.
- **Research and development.** Our research and development expenses increased by 3.9% from US\$21.9 million in 2018 to US\$22.8 million in 2019. This increase was primarily due to the increase in headcount and personnel-related expenses.
- **General and administrative.** Our general and administrative expenses decreased by 79.0% from US\$48.1 million in 2018 to US\$10.1 million in 2019. The decrease was primarily due to a decrease in share-based compensation expenses of US\$11.6 million and a decrease in write-offs of advance to suppliers of US\$16.1 million recorded in 2018.
- **Impairment of goodwill.** Our impairment of goodwill decreased by 68.0% from US\$29.1 million in 2018 to US\$9.3 million in 2019, primarily due to impairment losses on goodwill arising from our acquisition of Ji'nan dealership.
- **Provision of amount due from a related party.** We had bad debt provision of amount due from a related party of US\$12.4 million in 2019 as the counter party failed to make payments under the agreed extended repayment plan. We did not record such provision in 2018.
- **Gain on disposal of property and equipment.** Our gain on disposal of property and equipment was US\$25.9 million in 2018, resulted from that we sold a building located in Shanghai in 2018. The fluctuation was mainly due to the change in estimates of the expected shares to be delivered to settle the contingent consideration and change in Kaixin's share price.

Other income (expenses). We had other income of US\$1.5 million in 2019, as compared to other expenses of US\$1.2 million in 2018.

Fair value change of contingent consideration. Our fair value change of contingent consideration was an income of US\$20.7 million in 2019, as compared to an income of US\$19.9 million in 2018. The fluctuation was mainly due to the change in estimates of the expected shares to be delivered to settle the contingent consideration to acquired dealerships of Kaixin and change in Kaixin's share price.

Interest income. Our interest income was US\$8.8 million in 2019, as compared to interest income of US\$5.2 million in 2018. Our interest income was primarily interest from the note issued to us by Oak Pacific Investment in the OPI Transaction.

Interest expenses. Our interest expense was US\$0.6 million in 2019, as compared to interest expense of US\$0.8 million in 2018. The interest expense in 2019 was primarily due to interest on loans that we borrowed from commercial banks.

Realized loss on disposal of long-term investments. We did not make disposal of long-term investment in 2019. Our realized loss on disposal of long-term investments was US\$2.1 million in 2018.

(Loss) earnings in equity method investments. Our loss in equity method investments was US\$7.5 million in 2019 including an impairment loss of US\$6.2 million for the equity method investments, compared to US\$2.5 million in 2018.

Segment Operations

In December 2020, we reached a resolution to dispose of Kaixin Auto Holdings and treated Kaixin Auto Holdings as discontinued operations. As a result, we reevaluated our segments and concluded that we had only one reportable segment as of December 31, 2020, our Renren segment. Before we disposed of our Renren SNS business in December 2018, our Renren segment offered social networking services and other internet value-added services.

B. Liquidity and Capital Resources

Cash Flows and Working Capital

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. As of December 31, 2020, we had net current assets (current assets less current liabilities) of US\$7.8 million, and an accumulated deficit of US\$634.1 million. For the year ended December 31, 2020, we incurred loss from operations amounting to US\$27.2 million and negative cash flows from continuing operating activities of US\$11.7 million.

Our ability to continue as a going concern is dependent on our ability to generate cash flows from operations, and our ability to arrange adequate financing arrangements. In January 2021, we received \$68.0 million from OPI as payment of receivables due from OPI, which enables us to have sufficient cash reserve for our operating needs for at least the next twelve months from the date of this annual report. However, if negative cash flow from operating activities persists in the long run, cash resources may become insufficient to satisfy our on-going cash requirements.

Although we consolidate the results of Qianxiang Tiancheng, our access to cash balances or future earnings of this entity is only through our contractual arrangements with this entity and its shareholders and subsidiaries. See “Item 4.C—Information on the Company—Organizational Structure—Contractual Arrangements with Our Consolidated Affiliated Entities.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “—Holding Company Structure.”

The following table sets forth a summary of our cash flows for the periods indicated:

	Years ended December 31,		
	2018	2019	2020
	(in thousands of US\$)		
Net cash used in operating activities from continuing operations	\$ (20,665)	\$ (28,402)	\$ (11,724)
Net cash used in operating activities from discontinuing operations	(39,320)	(4,745)	(3,878)
Net cash provided by investing activities from continuing operations	72,448	17,660	32,802
Net cash provided by investing activities from discontinuing operations	98,994	1,223	—
Net cash used in financing activities from continuing operations	(159,051)	(19,465)	(1,460)
Net cash used in financing activities from discontinuing operations	(95,128)	(6,328)	3,917
Net (decrease) increase in cash and cash equivalents	(142,722)	(40,057)	19,657
Cash and cash equivalents and restricted cash at the beginning of the year	201,923	57,513	17,922
Effect of exchange rate changes	(1,688)	466	(329)
Cash and cash equivalents and restricted cash at the end of the year	57,513	17,922	37,249

Operating Activities

Net cash used in operating activities from continuing operations amounted to US\$11.7 million in 2020, compared to a net loss from continuing operations of US\$16.8 million. The principal change in operating assets and liabilities accounting for the difference between our net loss and our net cash used in operating activities in 2020 was a net increase in amounts due from related parties of US\$7.9 million, a decrease in accrued expenses and other current liabilities of US\$3.1 million, and an increase in amount due from subsidiary held for sale of US\$2.3 million. The principal adjustments to reconcile our net loss to our net cash used in operating activities was share-based compensation expenses of US\$15.3 million.

Net cash used in operating activities from continuing operations amounted to US\$28.4 million in 2019, compared to a net loss from continuing operations of US\$38.4 million. The principal change in operating assets and liabilities accounting for the difference between our net loss and our net cash used in operating activities in 2019 was a decrease in accrued expenses and other current liabilities of US\$7.9 million, a net increase in amounts due from related parties of US\$6.5 million and an increase in right of use assets of US\$4.6 million. The principal adjustments to reconcile our net loss to our net cash used in operating activities were an impairment on goodwill of US\$9.3 million, provision for amount due from a related party of US\$12.4 million, and share-based compensation expenses of US\$8.6 million, partially offset by gain on fair value change of contingent consideration of US\$20.7 million.

Net cash used in operating activities from continuing operations amounted to US\$20.7 million in 2018, compared to net loss from continuing operations of US\$69.9 million. The principal changes in operating assets and liabilities accounting for the difference between our net loss and our net cash used in operating activities in 2018 included a decrease in prepaid expenses and other current assets of US\$60.8 million, partially offset by a decrease in accounts payable of US\$23.3 million and a net increase in amount due from related parties of US\$10.3 million. The principal adjustments to reconcile our net income to our net cash used in operating activities were a gain on disposal of property and equipment of US\$25.9 million and fair value change of contingent consideration of US\$19.9 million, partially offset by share-based compensation expenses of US\$20.2 million and impairment on goodwill of US\$29.1 million.

Investing Activities

Net cash provided by investing activities from continuing operations amounted to US\$32.8 million in 2020, due mainly to proceeds of US\$31.5 million from repayment of the note issued by OPI.

Net cash provided by investing activities from continuing operations amounted to US\$17.7 million in 2019, due mainly to proceeds from repayment of the note issued by OPI of US\$9.6 million, proceeds from disposition of Renren SNS of US\$6.1 million, and proceeds from repayment of third party loans of US\$4.1 million, partially offset by payments to purchase of short-term investments of US\$1.4 million.

Net cash provided by investing activities from continuing operations amounted to US\$72.4 million in 2018, due mainly to proceeds from disposal of equipment and property of US\$60.4 million. The disposal of equipment and property was related to our disposal of building located in Shanghai to a third party in May 2018.

Financing Activities

Net cash used in financing activities from continuing operations was US\$1.5 million in 2020, due mainly to repayment of borrowings of US\$4.7 million, partially offset by proceeds from short-term and long-term debt borrowings of US\$3.3 million.

Net cash used in financing activities from continuing operations was US\$19.5 million in 2019, due mainly to US\$31.0 million used to repay borrowings, partially offset by proceeds from short-term borrowings of US\$10.5 million.

Net cash used in financing activities from continuing operations was US\$159.1 million in 2018, due mainly to US\$169.0 million of cash distribution to shareholders related to the extraordinary dividend we paid in June 2018 and US\$11.5 million used to repay short-term and long-term loans, partially offset by proceeds from short-term and long-term debt borrowings of US\$26.5 million.

Holding Company Structure

Overview

We are a holding company with no material operations of our own. We conduct our operations in China principally through several sets of contractual arrangements between our wholly owned PRC subsidiary, namely Qianxiang Shiji, and its consolidated affiliated entity, namely Qianxiang Tiancheng and the shareholders of Qianxiang Tiancheng. See “Item 4.C—Information on the Company—Organizational Structure—Contractual Arrangements with Our Consolidated Affiliated Entities” for a summary of these contractual arrangements.

Conducting our operations through contractual arrangements with our consolidated affiliated entities in China entails a risk that we may lose effective control over our consolidated affiliated entities, which may result in our being unable to consolidate their financial results with our results and may impair our access to their cash flow from operations and thereby reduce our liquidity. See “Item 3.D. Risk Factors—Risks Related to Our Corporate Structure and the Regulation of our Business” for more information, including the risk factors titled “If the PRC government finds that the agreements that establish the structure for operating our services in China do not comply with PRC governmental restrictions on foreign investment in internet businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations” and “We rely on contractual arrangements with consolidated affiliated entities for our China operations, which may not be as effective in providing operational control as direct ownership. Any failure by our affiliated entities or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business and financial condition.”

Dividend Distributions

As a holding company, our ability to pay dividends and other cash distributions to our shareholders depends primarily upon dividends and other distributions paid to us by our PRC subsidiaries. The amount of dividends paid by each of our PRC subsidiaries to us depends solely on the service and license fees paid to each of our PRC subsidiaries by the consolidated affiliated entity with which it has contractual arrangements.

Under PRC law, all of our PRC subsidiaries and consolidated affiliated entities in China are required to set aside at least 10% of their respective after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of their respective registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. Our PRC subsidiaries are permitted to pay dividends to us only out of their respective retained earnings, if any, as determined in accordance with PRC accounting standards and regulations.

Pursuant to the contractual arrangements between Qianxiang Tiancheng and Qianxiang Shiji, Qianxiang Tiancheng's earnings and cash (including dividends received from its subsidiaries) are used to pay service and license fees in Renminbi to Qianxiang Shiji, in the manner and amount set forth in these agreements. After paying the withholding taxes applicable to Qianxiang Shiji's revenues and earnings, making appropriations for its statutory reserve requirements and retaining any profits from accumulated profits, the remaining net profits of Qianxiang Shiji would be available for distribution to us through the respective offshore holding companies through which we own Qianxiang Shiji, although we have not, and do not have, any present plan to make such distributions. As of December 31, 2020, the net assets of Qianxiang Shiji and our consolidated affiliated entities which were restricted due to statutory reserve requirements and other applicable laws and regulations, and thus not available for distribution, was in aggregate US\$266.5 million. We do not believe that these restrictions on the distribution of our net assets will have a significant impact on our ability to timely meet our financial obligations in the future. See "Item 3.D. Risk Factors—Risks Related to Our Corporate Structure and the Regulation of our Business—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business" and "Item 3.D. Risk Factors—Risks Related to Doing Business in China—Our global income and the dividends that we may receive from our PRC subsidiary, dividends distributed to our non-PRC shareholders and ADS holders, and gain recognized by such shareholders or ADS holders, may be subject to PRC taxes under the Enterprise Income Tax Law, which would have a material adverse effect on our results of operations" for more information.

Furthermore, cash transfers from our PRC subsidiaries to our subsidiaries outside of China are subject to PRC government control of currency conversion. Restrictions on the availability of foreign currency may affect the ability of our PRC subsidiaries and our consolidated affiliated entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. See "Item 3.D. Risk Factors—Risks Related to Doing Business in China— Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment."

Capital Expenditures

We made capital expenditures of US\$0.1 million, US\$0.4 million and US\$0.2 million in 2018, 2019 and 2020, respectively. In the past, our capital expenditures were primarily used to purchase servers and other equipment for our business.

C. Research and Development, Patents, and Licenses, etc.

Research and Development

Our research and development efforts focus on developing and improving the scalability, features and functions of each of our websites, services and applications. We have a large team of 160 engineers and developers as of December 31, 2020, accounting for 49% of our employees as of that date. Most of our engineers and developers are based at our headquarters in Beijing.

Our research and development personnel support all areas of our business, mainly focusing on the improvement and enhancement of mobile app and ensuring we are fully compatible with the latest mobile operating systems such as iOS, Android and Windows, but also working on our Chime initiative. We continue to develop new products and services to meet the needs of our user base and customers.

Our research and development expenses primarily include salaries and benefits for our research and development personnel and depreciation of related PC and servers. We incurred US\$21.9 million, US\$22.8 million and US\$11.3 million of research and development expenses in 2018, 2019 and 2020, respectively.

Intellectual Property

Our intellectual property includes trademarks and trademark applications related to our brands and services, copyrights in software, trade secrets, patent applications and other intellectual property rights and licenses. We seek to protect our intellectual property assets and brand through a combination of monitoring and enforcement of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and procedures.

We have been granted 20 patents. We have registered domain names including *xiaonei.com* and *chimeroi.com*. In addition, we maintain 40 copyright registrations, of which 32 are computer software copyright registrations. Our employees sign confidentiality and non-compete agreements when hired.

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2020 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations from the continuing operations including interest payment, if applicable, as of December 31, 2020:

	Payment Due by Period				
	Total	Less than 1	1-3 years	4-5 years	More than 5 years
		year			
	(in thousands of US\$)				
Operating lease obligations ⁽¹⁾	1,998	1,409	589	—	—
Loan obligations ⁽²⁾	12,985	11,400	1,585	—	—
TOTAL	14,983	12,809	2,174	—	—

Notes:

- (1) We lease facilities and offices under non-cancelable operating lease agreements.
- (2) In 2020, we entered into long-term borrowings for a total of US\$1.6 million and short-term borrowings for a total of US\$11.4 million. Balances include future principal and interest payments related to these agreements. We repaid the short-term borrowings in January and April 2021. The long-term borrowings will mature in April 2022.

G. Safe Harbor

See “Forward-Looking Statements” on page 1 of this annual report.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Joseph Chen	51	Chairman, Chief Executive Officer, Director
James Jian Liu	48	Director, Chief Operating Officer
Hui Huang	48	Independent Director
Chuanfu Wang	56	Independent Director
Cong Lin	40	Independent Director
Yi Yang	48	Acting Chief Financial Officer
Rita Rui Yi	52	Vice President for HR
He Li	37	Vice President for SaaS and Trucker Path
Michael McGowan	45	Vice President of Sales, Chime Technologies

Joseph Chen is the founder of our company. Mr. Chen has served as the chairman of our board of directors and chief executive officer of our company since our inception. He is also serving as a director of Kaixin. Mr. Chen is a pioneer of China's internet industry. Before founding our company, Mr. Chen was the co-founder, chairman and chief executive officer of ChinaRen.com, a first-generation SNS in China and one of China's most visited websites in 1999. He served as senior vice president for Sohu.com after ChinaRen.com was acquired by Sohu.com in 2000. Mr. Chen holds a bachelor's degree in physics from the University of Delaware, a master's degree in engineering from the Massachusetts Institute of Technology, and an MBA degree from Stanford University.

James Jian Liu has served as our director since January 2008 and chief operating officer since February 2006. Mr. Liu is also acting as a director of Kaixin and our interim Vice President for Games. Before joining our company, he was the co-founder and chief executive officer of *UUMe.com*, one of the earliest social networking service websites in China. He served as product management director at Fortinet in its early years and held a senior product manager role at Siebel Systems. Mr. Liu started his career as a management consultant with the Boston Consulting Group in China. Mr. Liu holds a bachelor's degree in computer science from Shanghai Jiao Tong University and an MBA degree from Stanford University, where he was an Arjay Miller Scholar.

Hui Huang has served as our director since January 2015. Ms. Huang served as the chief financial officer of our company from March 2010 to December 2014. From 2007 to February 2010, Ms. Huang was the chief financial officer and director of Cathay Industrial Biotech Ltd. From 2003 to 2007, she was an executive director and Shanghai chief representative of Johnson Electric Capital Limited. From 2000 to 2003, she was an associate of Goldman Sachs (Asia) L.L.C. in its principal investment area and executive office. From 1994 to 1998, she was an associate with the Boston Consulting Group. Ms. Huang received a bachelor's degree in industrial foreign trade from Shanghai Jiaotong University in 1994, and received an MBA degree from the Wharton School of the University of Pennsylvania in 2000.

Chuanfu Wang has served as a director of our company since May 2012. Mr. Wang is the chairman of the board, an executive director and the president of BYD Company Limited (HKG:1211). He has been an executive director of BYD Company Limited since June 2002, in charge of its general operations and overall strategies. Mr. Wang is currently also a non-executive director and the chairman of BYD Electronic (International) Company Limited (HKG: 0285). Mr. Wang founded Shenzhen BYD Battery Company Limited, the predecessor to BYD Company Limited, in February 1995. Before that he served as the deputy director of the Beijing General Research Institute for Nonferrous Metals from 1990 to 1995. Mr. Wang has received many awards, prizes and recognitions, such as Hong Kong's Bauhinia Cup Outstanding Entrepreneur Award in 2000 and BusinessWeek's "Stars of Asia" in 2003, among others. In addition, Mr. Wang was elected as a representative in the Shenzhen People's Congress in March 2000, a member of the Fourth Shenzhen Municipal People's Congress Standing Committee in May 2005, and a member of the Fifth Shenzhen Municipal People's Congress Standing Committee in 2010. Mr. Wang graduated from the Central South University of Technology (now Central South University) in Changsha in 1987, majoring in physical chemistry of metallurgy. He received his master's degree in physical chemistry of metallurgy at Beijing General Research Institute for Nonferrous Metals in 1990.

Lin Cong has served as our director since July 2020. He is also a director of Kaixin and Uxin Limited (Nasdaq: UXIN). He has served as the Vice President of 58.com Group since March 2017. Before joining 58.com, he was the co-founder and Chief Financial Officer of Youche.com, an used car dealer chain in China. Mr. Cong took the VP positions of Finance and IT with 58.com before establishing Youche.com, where he served as CEO from February 2014 to March 2017. Mr. Cong also served as management consultant with Boston Consulting Group from August 2008 to August 2009 and as an auditor with PriceWaterhouseCoopers in China from August 2002 to May 2005. Mr. Cong holds a bachelor's degree in accounting from Tsinghua University and an M.B.A. degree from Stanford University.

Yi Yang has served as acting chief financial officer of our company since June 2020. Ms. Yang joined Kaixin Auto Holdings (Nasdaq: KXIN) in August 2019 as chief financial officer. Prior to joining Kaixin, Ms. Yang served as strategic investment director for Jomoo, a leading manufacturer and supplier of home products, such as kitchen and bathroom units, in China. Prior to that, she was chief financial officer at Wellong Etown, an internet-based logistics company. Ms. Yang has also worked at the Bank of New York Mellon as vice president and controller, where she formulated strategic financial plans, participated in asset restructurings, and worked on numerous large domestic and cross-border M&A transactions. Ms. Yang received a master's degree in Computer science from Saint Joseph's University in the U.S. She is a certified public accountant, and a member of American Institute of Certified Public Accountants (AICPA).

Rita Rui Yi has served as vice president in charge of human resources of our company since October 2016. Prior to joining our company, Ms. Yi served as the human resource senior director of RealNetworks in charge of human resource business partner management work, covering both the greater China region and South Asia region. Prior to that, Ms. Yi also gained human resource management experience from ING Capital Life Insurance Company, General Electronic and Northern Telecom. Ms. Yi received a bachelor's degree in tourism economy from Beijing International Studies University and received an MBA degree from McMaster University in Canada in 2001.

He Li has served as vice president of our company since 2014 and is now in charge of SaaS and Trucker Path. Mr. Li joined our company in 2011 and has since held various positions in research and development. Mr. Li received a bachelor's degree in Computer Science and a master's degree in Software Science Theory from Peking University.

Michael McGowan has served as a vice president of sales for Chime Technologies, one of our U.S.-based SaaS businesses, since March 2019. Prior to joining our company, Mr. McGowan served as vice president of sales for Commissions Inc., a real estate based SaaS company headquartered in Atlanta, from 2017 to 2019. Before that, Michael was a regional vice president in the financial services and financial technology industry with Transamerica from 2014 to 2017. Mr. McGowan served in the United States Marine Corps before entering the corporate world, from 1993 to 2002, completing several combat tours of duty. Mr. McGowan earned his bachelor's of science from Saint Leo University in accounting and his master's in business administration from Arizona State University.

B. Compensation

For the year ended December 31, 2020, we paid an aggregate of approximately US\$1.4 million in cash to our executive officers and non-executive directors. Our subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, housing fund, unemployment and other statutory benefits. In 2020, we accrued in aggregate US\$164 thousand worth of such benefits for our executive officers.

For the year ended December 31, 2020 we granted a total of 53,550,000 restricted Class A ordinary shares to our executive officers and non-executive directors, and we recorded US\$0.5 million in share-based compensation expense for these grants. For more information, see "Item 6.B. Directors, Senior Management and Employees—Compensation—Equity Incentive Plans."

Equity Incentive Plans

We have adopted six equity incentive plans for Renren Inc. to motivate, retain and attract the best personnel and promote the success of our business. The six plans adopted by Renren Inc. were the 2006 Equity Incentive Plan, the 2008 Equity Incentive Plan, the 2009 Equity Incentive Plan, the 2011 Share Incentive Plan (as amended), the 2016 Share Incentive Plan and the 2018 Share Incentive Plan. We refer to these collectively as the Plans. As of March 31, 2021, options to purchase 740,000 ordinary shares were outstanding under the 2009 Equity Incentive Plan, options to purchase 96,983,826 ordinary shares were outstanding under the 2011 Share Incentive Plan (as amended), 3,173,332 restricted share units and options to purchase 39,752,430 ordinary shares were outstanding under the 2016 Share Incentive Plan, and 68,163,342 restricted share units were outstanding under the 2018 Share Incentive Plan.

On August 24, 2017, our compensation committee approved to reduce the exercise price for all outstanding options we had previously granted with an exercise price higher than US\$0.478 per ordinary share to US\$0.478 per share.

On June 29, 2018, our compensation committee approved a reduction in the exercise price for all outstanding options previously granted by our company with an exercise price higher than US\$0.478 per ordinary share to US\$0.0613 per share, representing the closing price of our ADSs on the New York Stock Exchange, or the NYSE, on June 21, 2018. The market price of our ADSs had fallen as a result of the payment of the special dividend that we paid in connection with the series of transactions that we carried out at that time. See "Item 4. Information on the Company—A. History and Development of the Company—The OPI Transaction" for more information on those transactions.

On March 24, 2020, our compensation committee approved a reduction in the exercise price for all outstanding options previously granted by our company with an exercise price higher than US\$0.0113 per ordinary share to US\$0.0113 per share, representing the closing price of our ADSs on the NYSE on March 18, 2020.

The following table summarizes the outstanding share options granted to certain of our directors, executive officers and other individuals under the Plans as of March 31, 2021.

Name	Number of Ordinary Shares Underlying Outstanding Options ⁽¹⁾	Exercise Price (US\$/Share) ⁽¹⁾	Grant Date	Expiration Date
Joseph Chen	16,800,000	0.0113	April 5, 2012	April 4, 2022
	3,150,000	0.0113	March 22, 2013	March 21, 2023
	25,946,844	0.0113	May 19, 2014	May 18, 2024
	25,946,847	0.0113	May 19, 2014	May 18, 2024
James Jian Liu	39,752,430	0.0113	January 15, 2016	January 14, 2025
	5,400,000	0.0113	April 5, 2012	April 4, 2022
	1,050,000	0.0113	March 22, 2013	March 21, 2023
	8,850,000	0.0113	May 19, 2014	May 18, 2024
Hui Huang	8,850,000	0.0113	May 19, 2014	May 18, 2024
	*	0.0113	April 5, 2012	April 4, 2022
Chuanfu Wang	*	0.0113	March 22, 2013	March 21, 2023
	*	0.0113	June 14, 2012	June 13, 2022
He Li	*	0.0113	March 22, 2013	March 21, 2023
	*	0.0113	April 18, 2011	April 17, 2021
	*	0.0113	December 28, 2011	December 27, 2021
	*	0.0113	December 28, 2012	December 27, 2022
Other individuals as a group	*	0.0113	May 17, 2013	May 16, 2023
	*	0.0113	December 2, 2013	December 1, 2023
	105,135		(2)	(3)

Notes:

* The aggregate beneficial ownership of our company held by the named grantee is less than 1% of our total outstanding shares.

(1) The number of share options granted and exercise prices in this table, including footnote 2, gives effect to the ten-for-one share split that became effective on March 25, 2011.

On December 28, 2012, we modified the exercise price of the outstanding share options previously granted that had exercise prices of US\$4.00 per ADS or higher, reducing them uniformly to US\$3.30 per ADS (US\$1.10 per ordinary share), which was the closing price of our ADS on the modification date. (These per ADS numbers have not been adjusted to give retroactive effect to the change in the number of ordinary shares represented by each ADS from 3 to 15 that became effective on February 6, 2017.) Options exercisable for a total of 27,480,309 ordinary shares were modified. The total incremental cost as a result of the modification was US\$4.3 million, of which US\$0.9 million, US\$1.1 million, US\$1.1 million and US\$0.9 million was recognized as share-based compensation expense in 2012, 2013, 2014 and 2015 respectively, and the remaining balance will be amortized over the expected requisite service period.

On December 29, 2014, we modified the exercise price of the outstanding share options previously granted that had exercise price higher than US\$0.873 per ordinary share, reducing them uniformly to US\$0.873 per share, which was the average closing price during the period from December 8, 2014 through December 19, 2014, when the repricing was being discussed. Options exercisable for a total of 107,197,908 ordinary shares were modified. The total incremental cost as a result of the modification was US\$6.4 million, of which US\$5.2 million was recognized as share-based compensation expense in 2014 and 2015 and the remaining balance will be amortized over the expected requisite service period.

On December 23, 2015, we waived the award condition with respect to the options granted on May 19, 2014, Options exercisable for a total of 34,796,844 ordinary shares were modified. The total incremental cost as a result of the modification was US\$10.9 million, of which US\$4.4 million was recognized as share-based compensation expense in 2015 and the remaining balance will be amortized over the expected requisite service period.

On August 24, 2017, we modified the exercise price of the outstanding share options previously granted that had exercise price higher than US\$0.478 per ordinary share, reducing them uniformly to US\$0.478 per share. The total incremental cost as a result of the modification was US\$10.4 million, of which US\$7.4 million was recognized as share-based compensation expense in 2017 and the remaining will be amortized over the expected requisite service period.

On June 29, 2018, we modified the exercise price of the outstanding share options previously granted that had exercise prices higher than US\$0.0613 per ordinary share, reducing them uniformly to US\$0.0613 per share. The total incremental cost as a result of the modification was US\$10.8 million, of which US\$9.3 million was recognized as share-based compensation expense in 2018 and the remainder will be amortized over the expected requisite service period.

On March 24, 2020, we modified the exercise price of the outstanding share options previously granted that had exercise prices higher than US\$0.0113 per ordinary share, reducing them uniformly to US\$0.0113 per share.

- (2) We granted share options to other individuals on the following dates and at the following exercise prices: (i) on March 2, 2006, 1,079,400 options with an exercise price of US\$0.001 per share; (ii) on March 2, 2006, 10,204,000 options and on October 9, 2007, 800,000 options, each with an exercise price of US\$0.08 per share; (iii) on March 2, 2006, 4,568,670 options and on October 21, 2010, 179,450 options, each with an exercise price of US\$0.10 per share; (iv) on March 2, 2006, 18,046,960 options, on October 9, 2007, 22,142,000 options, on January 31, 2008, 14,809,500 options, on October 15, 2009, 18,644,000 options, on March 10, 2010, 300,000 options, on June 1, 2010, 490,000 options and on October 21, 2010, 11,180 options, each with an exercise price of US\$0.18 per share; (v) on March 2, 2006, 1,243,880 options with an exercise price of US\$0.20 per share; (vi) on October 9, 2007, 100,000 options with an exercise price of US\$0.26 per share; (vii) on October 9, 2007, 300,000 options with an exercise price of US\$0.28 per share; (viii) on October 9, 2007, 100,000 options with an exercise price of US\$0.30 per share; (ix) on October 9, 2007, 925,000 options with an exercise price of US\$0.35 per share; (x) on October 9, 2007, 220,000 options with an exercise price of US\$0.38 per share; (xi) on January 4, 2011, 12,068,500 options, on April 18, 2011, 3,296,500 options, on September 23, 2011, 519,000 options, on December 28, 2011, 1,621,107 options, on April 5, 2012, 1,881,500 options, on April 30, 2012, 300,000 options, on December 28, 2012, 3,167,400 options, on March 22, 2013, 4,587,000 options, on May 17, 2013, 2,862,000 options, on August 30, 2013, 450,000 options, on December 2, 2013, 2,707,500 options, each with an exercise price of US\$0.478 per share. As of March 31, 2021, 121,529,452 options had been forfeited, cancelled or exercised.
- (3) Each option will expire after ten years from the grant date or such shorter period as the board of directors may determine at the time of its grant.

The following table summarizes the outstanding restricted share units granted to our executive officers and certain other individuals as of March 31, 2021 under the Plans adopted by Renren Inc.

Name	Number of Ordinary Shares Underlying Restricted Share Units Outstanding	Grant Date
Joseph Chen	9,029,637	January 15, 2016
Joseph Chen	39,600,000	July 13, 2020
James Jian Liu	3,588,517	July 31, 2018
James Jian Liu	9,900,000	July 13, 2020
Hui Huang	*	May 19, 2014
Hui Huang	*	January 1, 2015
Chuanfu Wang	*	May 19, 2014
Chuanfu Wang	*	April 15, 2015
Yi Yang	*	July 13, 2020
Rita Yi	*	January 3, 2017
Rita Yi	*	July 31, 2018
He Li	*	May 19, 2014
He Li	*	October 17, 2014
He Li	*	April 15, 2015
He Li	*	February 1, 2016
He Li	12,975,825	July 31, 2018
Michael McGowan	*	June 18, 2019
Certain individuals as a group	42,590	September 1, 2017
Certain individuals as a group	12,932,275	July 31, 2018
Certain individuals as a group	536,700	October 11, 2018
Certain individuals as a group	971,280	February 19, 2019
Certain individuals as a group	94,110	March 18, 2019
Certain individuals as a group	110,175	July 19, 2019
Certain individuals as a group	272,535	November 4, 2019
Certain individuals as a group	114,570	December 8, 2020

* The aggregate beneficial ownership of our company held by the named grantee is less than 1% of our total outstanding shares.

On July 13, 2020, we adopted two Equity Incentive Plans for Chime Technologies, Inc. and Trucker Path, Inc., whereby 30,000,000 ordinary shares of Chime Technologies, Inc. (“Chime Plan”) and 30,000,000 ordinary shares of Trucker Path, Inc. (“Trucker Path Plan”) are made available for future grant for employees or consultants of Chime and Trucker Path, respectively, either in the form of incentive share options or restricted shares. As of December 31, 2020, 8,346,000 options and 20,000,000 restricted shares under the Chime Plan and 6,871,000 options and 20,000,000 restricted shares under the Trucker Path Plan have been granted or awarded to any of our employees.

Principal Terms of 2006, 2008 and 2009 Equity Incentive Plans adopted by Renren Inc.

The principal terms of the 2006 Equity Incentive Plan, the 2008 Equity Incentive Plan and the 2009 Equity Incentive Plan are substantially the same. The following paragraphs summarize the principal terms of these three plans and, unless otherwise specified below, the following summary applies to each of these plans.

Types of Awards and Exercise Prices. Three types of awards may be granted under the plans.

- *Incentive share options.* Incentive share options are share options which satisfy the requirements of Section 422 of the Internal Revenue Code of 1986. The exercise price of an incentive share option must be at least equal to the fair market value of the shares on the date of grant. If an employee, officer or director owns or is deemed to own more than 10% of the combined voting power of all classes of shares and an incentive share option is granted to such person, the exercise price for such incentive share option shall be at least 110% of the fair market value of the shares on the date of grant.
- *Nonqualified share options.* Nonqualified share options are share options which do not satisfy the requirements of Section 422 of the Internal Revenue Code of 1986. The exercise price of a nonqualified share option may be less than, equal to or greater than the fair market value of the shares on the date of grant.
- *Restricted share options.* Restricted share options are options to purchase ordinary shares which are subject to certain restrictions or limitations set forth in the plans or in the related award agreement, and may be subject to risk of forfeiture. Unless otherwise determined by our plan administrator, a restricted share is nontransferable and may be forfeited or repurchased by us during a restricted period. The exercise price of restricted share options may be determined by the plan administrator in the award agreement.

Plan Administration. The plan administrator is our board of directors or a committee of two or more members of our board. The plan administrator designates the eligible recipients and determines the award type, award period, grant date, performance requirements and such other provisions and terms not inconsistent with the plans in each award agreement.

Award Agreement. Incentive share options, nonqualified share options or restricted share options granted under the plans are evidenced by an award agreement that sets forth the terms, provisions, limitations and performance requirements for each grant.

Eligibility. At the discretion of the board of directors, we may grant awards to employees, officers, directors, outside directors or consultants of our company.

Transfer Restriction. Subject to certain exceptions, awards for incentive share options, nonqualified share options and restricted share options may not be transferred, assigned, pledged, hypothecated or otherwise conveyed or encumbered by the award holders.

Term of Awards. Unless otherwise provided in the award agreement by the plan administrator, each option shall expire after ten years from the grant date. If an employee, officer or director owns or is deemed to own more than 10% of the combined voting power of all classes of shares and an incentive share option is granted to such person, such incentive share option shall expire after five years from the grant date.

Vesting Schedule. The plan administrator may determine the vesting schedule and may provide additional vesting conditions in the award agreement to each recipient.

Amendment and Termination. The 2006 Equity Incentive Plan and the 2008 Equity Incentive Plan were terminated on September 15, 2013. The 2009 Equity Incentive Plan terminated on December 31, 2019. In each case, grants made before the termination date will continue to be effective in accordance with their terms and conditions. Our board of directors may at any time by resolutions amend the 2009 Equity Incentive Plan, subject to certain exceptions.

Principal Terms of the 2011 and 2016 Share Incentive Plan adopted by Renren Inc.

The principal terms of the 2011 Share Incentive Plan (as amended) and the 2016 Share Incentive Plan are substantially the same. The following paragraphs summarize the principal terms of these two plans and, unless otherwise specified below, the following summary applies to each of these plans.

Types of Awards and Exercise Prices. The plans permit the grant of options to purchase our Class A ordinary shares, restricted shares and restricted share units as deemed appropriate by the plan administrator.

- *Options.* Options provide for the right to purchase a specified number of our Class A ordinary shares at a specified price and usually will become exercisable in the discretion of the plan administrator in one or more installments after the grant date. Options include incentive share options, which are share options which satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, and non-qualified share options, which do not satisfy these requirements. The exercise price of an option shall be determined by the plan administrator and set forth in the award agreement.
- *Restricted Shares.* A restricted share award is the grant of our Class A ordinary shares which are subject to certain restrictions or limitations set forth in the plan or in the related award agreement. Unless otherwise determined by our plan administrator, a restricted share is nontransferable and may be forfeited or repurchased by us during a restricted period. The exercise price of restricted share options may be determined by the plan administrator in the award agreement.
- *Restricted Share Units.* Restricted share units represent the right to receive our Class A ordinary shares at a specified date in the future. On the maturity date specified by the plan administrator, we will transfer to the participant one unrestricted, fully transferable share for each restricted share unit.

Plan Administration. The plans will be administered by the board of directors or the compensation committee of the board, or a committee of one or more directors to whom the board or the compensation committee shall delegate the authority to grant or amend awards to participants other than senior executives. As to the 2011 Share Incentive Plan (as amended), the plan administrator shall consist of at least two individuals, each of whom qualifies as an independent director. With respect to the awards granted to independent directors, the plan administrator shall be the board of directors. The plan administrator will determine the terms and conditions of each award grant.

Awards and Award Agreement. Awards granted under the plans are evidenced by award agreements that set forth the terms, conditions and limitations for each award, which may include the term of an award, the provisions applicable in the event the participant's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Eligibility. We may grant awards to our employees, directors and consultants, as determined by our plan administrator.

Term of the Awards. The term of each award grant shall be determined by our plan administrator, provided that the term shall not exceed ten years from the date of the grant.

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

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

Amendment and Termination of the Plan. With the approval of our board, our plan administrator may at any time amend, modify or terminate the plan, subject to certain exceptions. Unless earlier terminated by the board of directors, the 2011 Share Incentive Plan (as amended) expired on April 14, 2021 and the 2016 Share Incentive Plan will expire on January 15, 2026.

C. **Board Practices**

Composition of Board of Directors

Our board of directors currently consists of five directors. A director is not required to hold any shares in the company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company must declare the nature of his interest at a meeting of the directors. Subject to the NYSE rules and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract or transaction or proposed contract or transaction 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 the relevant board meeting at which such contract or transaction or proposed contract or transaction is considered. A director may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party. None of our non-executive directors and independent director appointees has a service contract with us that provides for benefits upon termination of employment. As long as SB Pan Pacific Corporation and its affiliates continue to collectively hold over 50% of the number of our shares held by them as of May 9, 2011, they have the right to appoint one director to serve on our board of directors. Our board of directors currently does not contain a member appointed by SB Pan Pacific Corporation.

Code of Business Conduct and Ethics

Our code of business conduct and ethics provides that our directors and officers are expected to avoid any action, position or interest that conflicts with the interests of our company or gives the appearance of a conflict. Directors and officers have an obligation under our code of business conduct and ethics to advance our company's interests when the opportunity to do so arises.

Duties of Directors

Cayman Islands law does not prescribe by statute the specific duties of directors of Cayman Islands companies and therefore the duties of directors are dictated by common law. Our directors have certain duties of care, diligence and skill as well as a fiduciary duty to act honestly and in good faith in the best interests of our company. Our directors must exercise the skills they actually possess. Our directors must exercise such care and diligence that a reasonably prudent person would exercise in comparable circumstances but will not be liable for errors of judgment and therefore they may rely upon opinions and advice of outsiders but must still exercise their business judgment based upon such advice. It was previously considered that a director needs not to exhibit in the performance of his or her duties a greater degree of skills than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skills and care and these authorities are likely to be followed in the Cayman Islands. Our directors must also use their powers for a proper purpose. In fulfilling their duty of care to us, our directors must ensure compliance with our amended and restated memorandum and articles of association, as amended from time to time. We have the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain circumstances have rights to damages if a duty owed by the directors is breached.

Terms of Directors and Executive Officers

Our officers are appointed by and serve at the discretion of the board of directors. Our directors are not subject to a set term of office (unless specified in a written agreement between our company and our directors, if any) and hold office until their successor is duly elected or such time as they die, resign or are removed from office by special resolution or the unanimous written resolution of all shareholders. A director will cease to be a director automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be or becomes of unsound mind; (iii) resigns his office by notice in writing to our company; (iv) without special leave of absence from the board of directors, is absent from meetings of the board for three consecutive meetings and the board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our memorandum and articles of association.

Committees of the Board of Directors

We have established three committees under the board of directors: the audit committee, the compensation committee and the corporate governance and nominating committee. We have adopted a charter for each of these committees. Each committee's members and functions are as follows.

Audit Committee. Our audit committee consists of Mr. Lin Cong and Ms. Hui Huang. Mr. Cong is the chairman of our audit committee and our board of directors has determined that Mr. Cong is an audit committee financial expert. Mr. Cong and Ms. Huang each satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Exchange Act. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;

- reviewing and approving any proposed related party transaction, as defined in Item 404 of Regulation S-K under the Securities Act, involving over US\$120,000 in a single transaction or a series of related transactions;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal control and any special audit steps adopted in light of material control deficiencies; and
- meeting separately and periodically with management and the independent registered public accounting firm.

Compensation Committee. Our compensation committee consists of Ms. Hui Huang and Mr. Lin Cong. Ms. Huang is the chairman of our compensation committee. Ms. Huang and Mr. Cong each satisfy the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer is prohibited from attending any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving the total compensation package for our chief executive officer;
- reviewing and recommending to the board the compensation of our directors; and
- reviewing periodically and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee. Our corporate governance and nominating committee consists of Mr. Lin Cong and Mr. Chuanfu Wang, and is chaired by Mr. Cong. Mr. Cong and Mr. Wang each satisfy the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE. The corporate governance and nominating committee assists the board of directors in identifying individuals qualified to become our directors and in determining the composition of the board and its committees. The corporate governance and nominating committee is responsible for, among other things:

- identifying and recommending to the board nominees for election or re-election to the board, or for appointment to fill any vacancy;
- reviewing annually with the board the composition of the board in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to the board the directors to serve as members of the board’s committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Employment Agreements

We have entered into employment agreements with each of our executive officers. We may terminate an executive officer’s employment for cause, at any time, without notice or remuneration, for certain acts of the officer, including, but not limited to, a conviction or plea of guilty to a felony, willful misconduct to our detriment or a failure to perform agreed duties. We may also terminate an executive officer’s employment without cause by a one-month prior written notice. An executive officer may terminate his or her employment with us by a one-month prior written notice for certain reasons, in which case the executive officer is entitled to the same severance benefits as in the situation of termination by us without cause.

Our executive officers have also agreed not to engage in any activities that compete with us, or to directly or indirect solicit the services of our employees, for a period of one year after termination of employment. Each executive officer has agreed to hold in strict confidence any confidential information or trade secrets of our company. Each executive officer also agrees to comply with all material applicable laws and regulations related to his or her responsibilities at our company as well as all material corporate and business policies and procedures of our company.

D. Employees

We had 622, 541 and 324 full-time employees as of December 31, 2018, 2019 and 2020, respectively. The following table sets forth the number of our employees by function as of December 31, 2020:

Functional Area	Number of Employees as % of Total
Management and administration	27
Sales and marketing	13
Operations	11
Research & development	49
Total	100

As of December 31, 2020, we had 117 employees located in Beijing, 82 employees located in other cities in China, 47 employees located in the United States and 78 employees located in the Philippines.

We believe that we offer our employees competitive compensation packages and a dynamic work environment that encourages initiative and is based on merit. As a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team.

As required by PRC regulations, we participate in various government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by local government regulations from time to time.

We enter into employment agreements with our employees. Our senior management enters into employment agreements with confidentiality and non-competition terms. The non-competition restricted period typically expires one year after the termination of employment, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares (including Class A ordinary shares represented by our ADSs), as of March 31, 2021, by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

The calculations in the table below are based on 1,080,871,023 ordinary shares outstanding as of March 31, 2021, including 775,482,573 Class A ordinary shares and 305,388,450 Class B ordinary shares. Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our ordinary shares. In computing the number of ordinary shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned		
	Number	% ⁽¹⁾	% of Voting Power ⁽²⁾
Directors and Executive Officers:			
Joseph Chen ⁽³⁾	393,861,016	33.0	48.9
James Jian Liu ⁽⁴⁾	59,477,400	5.4	1.5
Hui Huang ⁽⁵⁾	*	*	*
Chuanfu Wang ⁽⁶⁾	*	*	*
Cong Lin ⁽⁷⁾	*	*	*
Yi Yang ⁽⁸⁾	*	*	*
Rita Yi ⁽⁸⁾	*	*	*
He Li ⁽⁸⁾	*	*	*
Michael McGowan ⁽⁹⁾	*	*	*
All directors and executive officers as a group ⁽¹⁰⁾	469,762,191	38.1	50.3
Principal Shareholders:			
SoftBank Group Capital Limited and affiliate ⁽¹¹⁾	405,388,451	37.5	42.3
Oasis Management Company Ltd. ⁽¹²⁾	125,030,430	11.6	3.3

Notes:

* Less than 1% of our total outstanding ordinary shares.

- (1) For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group by the sum of the number of ordinary shares outstanding and the number of ordinary shares such person or group has the right to acquire upon exercise of the share options or warrants within 60 days of March 31, 2021.
- (2) For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power with respect to all of our Class A and Class B ordinary shares as a single class. Each holder of our Class B ordinary shares is entitled to ten votes per share and each holder of Class A ordinary shares is entitled to one vote per share held by our shareholders on all matters submitted to them for a vote. Subject to certain exceptions, our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis.
- (3) Represents (i) 170,258,970 Class B ordinary shares held by Mr. Joseph Chen, (ii) 104,891,011 Class A ordinary shares held by Mr. Joseph Chen, among which 99,999,990 Class A ordinary shares are represented by 2,222,222 American depositary shares, (iii) 104,970,390 Class A ordinary shares issuable upon exercise of options held by Mr. Chen that are exercisable within 60 days after March 31, 2021, and (iv) 13,740,645 Class A ordinary shares vested or upon vesting of Mr. Chen's restricted share units within 60 days after March 31, 2021. The business address of Mr. Chen is 4/F, Tower D, Building 15, No. 5 Jiangtai Road, Chaoyang District, Beijing, 100015, People's Republic of China.
- (4) Represents (i) 34,815,300 Class A ordinary shares held by Mr. James Jian Liu, (ii) 24,150,000 Class A ordinary shares issuable upon exercise of options held by Mr. Liu that are exercisable within 60 days after March 31, 2021, and (iii) 512,100 Class A ordinary shares vested or upon vesting of Mr. Liu's restricted share units within 60 days after March 31, 2021. The business address of Mr. Liu is 4/F, Tower D, Building 15, No. 5 Jiangtai Road, Chaoyang District, Beijing, 100015, People's Republic of China.
- (5) The business address of Ms. Huang is 4/F, Tower D, Building 15, No. 5 Jiangtai Road, Chaoyang District, Beijing, 100015, People's Republic of China.
- (6) The business address of Mr. Wang is No. 3009, BYD Road, Pingshan, Shenzhen, 518118, People's Republic of China.
- (7) The business address of Mr. Cong is 4/F, Tower D, Building 15, No. 5 Jiangtai Road, Chaoyang District, Beijing, 100015, People's Republic of China.
- (8) The business address of each of Ms. Yang, Ms. Yi and Mr. Li is 4/F, Tower D, Building 15, No. 5 Jiangtai Road, Chaoyang District, Beijing, 100015, People's Republic of China.
- (9) The business address of Mr. Michael McGowan is 2828 N. Central Avenue, 7th Floor, Phoenix, AZ 85004.

- (10) Certain directors and executive officers have been granted restricted share units and options pursuant to our 2006, 2008 and 2009 Equity Incentive Plans and our 2011, 2016 and 2018 Share Incentive Plans. See “Item 6.B—Directors, Senior Management and Employees—Compensation—Equity Incentive Plans.”
- (11) The number of ordinary shares beneficially owned is as of December 31, 2019, as reported in a Schedule 13G/A filed by SoftBank Corp. on February 8, 2019, and consists of 270,258,971 Class A ordinary shares and 135,129,480 Class B ordinary shares held by SoftBank Group Capital Limited. See the two paragraphs following this table for more information on Class A and Class B ordinary shares. SoftBank Group Capital Limited is a corporation established under the laws of England and Wales, and is a wholly owned subsidiary of SoftBank Corp. SoftBank Corp. is a corporation established under the laws of Japan, and is a public company listed on the Tokyo Stock Exchange. On January 31, 2011, SoftBank Corp. transferred 2,582,200 series C preferred shares and 402,870,510 series D preferred shares to SB Pan Pacific Corporation, and, immediately prior to the completion of our initial public offering in May 2011, 135,129,480 of these series D preferred shares were converted into Class B ordinary shares on a one-to-one basis and the rest of the preferred shares held by SB Pan Pacific Corporation were converted into Class A ordinary shares on a one-to-one basis. In September 2018, SB Pan Pacific Corporation transferred all of our Class A ordinary shares and Class B ordinary shares held by it to SoftBank Group Capital Limited, as a part of an intracompany transfer. The business address for SoftBank Group Capital Limited is 69 Grosvenor Street, London, W1K 3JP, United Kingdom, and the business address for SoftBank Corp. is 1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo 105-7303, Japan.
- (12) The number of ordinary shares beneficially owned is as of December 31, 2020 as reported in a Schedule 13G/A filed by the Oasis Funds (as defined below) on February 16, 2021, and consists of 125,030,430 Class A ordinary shares which are directly held by certain investment funds managed by Oasis Management Company Ltd., a Cayman Islands exempted company. We refer to these two entities collectively as “Oasis Funds.” Mr. Seth Fischer, is responsible for the supervision and conduct of all investment activities of the Oasis Management Company Ltd., including all investment decisions with respect to the Class A Ordinary Shares held by the Oasis Funds, may be deemed to have shared power to vote and dispose of those Class A ordinary shares. The address of the business office of Mr. Seth Fischer is c/o Oasis Compliance, Oasis Management (Hong Kong), 25/F, LHT Tower, 31 Queen’s Road Central, Central, Hong Kong. The address of the business office of Oasis Management Company Ltd. is Uglund House, PO Box 309 Grand Cayman, KY1-110, Cayman Islands.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. We issued Class A ordinary shares represented by our ADSs in our initial public offering in May 2011. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equal number of Class A ordinary shares. See “Item 10.B—Additional Information—Memorandum and Articles of Association—Ordinary Shares” for a more detailed description of our Class A ordinary shares and Class B ordinary shares.

To our knowledge, as of March 31, 2021, a total of 774,520,738 Class A ordinary shares were held by 55 record holders in the United States, including Citibank, N.A., the depository of our ADS program, and 305,388,450 Class B ordinary shares were held by two record holders in the United States. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. To our knowledge, we are not owned or controlled, directly or indirectly, by another corporation, by any foreign government or by any other natural or legal persons, severally or jointly.

For the options and restricted share units granted to our directors, officers and employees, please refer to “Item 6.B—Directors, Senior Management and Employees—Compensation—Equity Incentive Plans.”

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Please refer to “Item 6.E. Share Ownership.”

B. Related Party Transactions

Contractual Arrangements with Our Consolidated Affiliated Entities

Please refer to “Item 4.C—Information on the Company—Organizational Structure—Contractual Arrangements with Our Consolidated Affiliated Entities.”

Related Party Transactions with Our Major Shareholder

In 2006, we entered into an agreement to make a loan of US\$0.2 million to Ms. Guolan Liu, who is the mother-in-law of our chief executive officer, for her investment into Beijing Hulian Shidai Telecom Technology Co., Ltd. The period of the loan was 10 years. In 2016, we received US\$7.2 million from Ms. Liu for the repayment of the loan, representing all the proceeds directly or indirectly received by Ms. Liu through this investment. We recorded US\$7.0 million of other income in the year ended December 31, 2016.

In 2015, we acquired a 7.5% equity interest in Beautiful Legend Co., Ltd., an entity of which the wife of our chairman and chief executive officer, Joseph Chen, is a majority shareholder. We accounted for the investment as a cost method investment and the carrying amount was US\$4.6 million as of December 31, 2015. In January 2017, we acquired 1,150,000 shares for a total consideration of US\$2.9 million, representing a 5% equity interest, in Shanghai Xingmi Network Technology Joint Stock Limited Company from Beautiful Legend Co., Ltd. In January 2017, we acquired a 5% equity interest in Beijing Caiqiu Century Technology Co., Ltd. from Beautiful Legend Co., Ltd., for a total consideration of US\$1.5 million.

In December 2018, we disposed of all tangible and intangible assets in our SNS platform and the related business, including Renren mobile live streaming, to Beijing Infinities Interactive Media Co., Ltd. for cash consideration of US\$20 million and shares in the purchaser’s parent company, Infinities Technology (Cayman) Holding Limited, with a value of US\$40 million, based on an agreed-upon estimated valuation of US\$700 million for the parent company. Oak Pacific Holdings, a company controlled by Mr. Joseph Chen, our chairman and chief executive officer, and Mr. James Jian Liu, our executive director and chief operating officer, controls one of the minority shareholders of the purchaser. As of December 31, 2019, the unpaid cash consideration was US\$13 million, and we determined allowance of US\$12.4 million of these unpaid cash consideration. For a detailed discussion, see Note 4 of the accompanying financial statements.

Related Party Transactions with Oak Pacific Investment

Oak Pacific Investment issued a note to Renren as part of the OPI Transaction in June 2018. In March 2019, the interest rate was increased to from 8% per year to 8.5% per year in connection with a refinancing of Oak Pacific Investment’s debt obligations. In December 2019, April 2020 and December 2020, Oak Pacific Investment paid US\$10 million, US\$4 million and US\$27.5 million to us for the principal of the note and accrued interest on the portion of note being prepaid. In January 2021, Oak Pacific Investment settled the remaining outstanding amount owed to us under the note.

Related Party Transactions with Kaixin Auto Holdings

On March 31, 2021, we entered into a securities purchase agreement with Kaixin, pursuant to which we invested \$6 million in newly designated convertible preferred shares of Kaixin. The investment closed in April 2021. The preferred shares are convertible into the Kaixin's ordinary shares at a conversion price of \$3.00, subject to customary adjustments.

The transactions described above were approved by the independent, disinterested members of our board and the audit committee of the board in all cases where we were a public company and the counterparty was a related party at the time of the transaction or had been prior to the time of the transaction.

Employment Agreement

Please refer to "Item 6.C—Directors, Senior Management and Employees Board Practices—Employment Agreements."

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements."

Legal Proceedings

On July 19, 2018, two of our shareholders brought a shareholder derivative suit on behalf of Renren, as a nominal defendant, against Joseph Chen, our chief executive officer and chairman of the board of directors and David Chao, a former director. On December 5, 2018, another derivative suit was filed by a shareholder on behalf of Renren, as nominal defendant, against Joseph Chen, David Chao, several DCM entities, and Duff & Phelps, financial advisor to the special committee of the board of directors. On January 11, 2019, the plaintiffs in the two actions filed a joint motion to file a consolidated derivative complaint by February 1, 2019. On February 27, 2019, the court granted the consolidation motion and consolidated the cases under the caption *In re Renren, Inc. Derivative Litigation*, Index No. 653594/2018 (Sup. Ct. N.Y. Cty.). On March 7, 2019, plaintiffs filed a consolidated complaint in the consolidated case against Joseph Chen, David Chao, the DCM entities, Duff & Phelps, and Oak Pacific Investment. The complaint alleges that the valuation assigned to Oak Pacific Investment for purposes of the OPI Transaction undervalued the assets held by Oak Pacific Investment by several hundred million dollars and that the director defendants used the OPI Transaction to enrich themselves at the expense of other shareholders. The complaint further alleges that Duff & Phelps and the DCM Entities aided in the alleged acts relating to the OPI Transaction and that Oak Pacific Investment knowingly received the alleged improperly transferred assets. There are no claims asserted against Renren, but Renren may be subject to claims by certain of the defendants. On May 1, 2019, the court ordered a schedule for the briefing of several threshold issues, including service of process, jurisdiction and plaintiffs' standing to pursue their claims. Renren and the defendants filed their motions to dismiss on these issues on May 10, 2019. On May 20, 2020, the court denied the motions to dismiss. Pursuant to a so-ordered stipulation, Renren and defendants Joseph Chen, David Chao, the DCM Entities, and Oak Pacific Investment answered the amended complaint on July 2, 2020 and defendant Duff & Phelps submitted supplemental briefing in support of its motion to dismiss the amended complaint on July 3, 2020. On June 22, 2020 and June 23, 2020, Renren and the defendants filed notices of appeal to the Appellate Division of the Supreme Court of the State of New York, First Judicial Department of the decision on the motions to dismiss. On January 6 and 7, 2021, Renren and the defendants entered into a court-compelled mediation which failed to produce any agreement amongst plaintiffs and defendant class. On March 18, 2021, the First Department reaffirmed the initial denial of the motion to dismiss. On March 31, 2021, the defendant filed an amendment to the consolidated case against the defendants to enjoin additional defendants as well as allege that such defendants aided OPI in fraudulent conveyance to frustrate plaintiff's recovery.

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business, including actions with respect to intellectual property claims, breach of contract claims, labor and employment claims and other matters. Internet media companies are frequently involved in litigation based on allegations of infringement or other violations of intellectual property rights and other allegations based on the content available on their website or services they provide. See "Item 3.D. Risk Factors—Risks Related to Our Business and Industry—We have been and may continue to be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our website or distributed to our users, which may materially and adversely affect our business, financial condition and prospects." Although such proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of our current pending matters will not have a material adverse effect on our business, consolidated financial position, results of operations or cash flow. Regardless of the outcome, however, any litigation can have an adverse impact on us because of defense costs, diversion of management's attention and other factors.

Dividend Policy

In June 2018, we paid a cash dividend of US\$0.6125 per ordinary share, or US\$9.1875 per ADS, to all of our shareholders as of 5:00 p.m. Eastern time on June 14, 2018, other than those shareholders who had waived the cash dividend in connection with the OPI Transaction. The aggregate amount of the cash dividend was US\$133.7 million.

Other than the aforementioned cash dividend, we have not paid any cash dividends on our ordinary shares in the past. We do not expect to pay regular dividends in the foreseeable future. The payment of the cash dividend in June 2018 represents an exception to our dividend policy rather than a change to it. We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business.

As we are a holding company, we rely, in part, on dividends paid to us by our PRC subsidiary for our cash requirements, including funds to pay dividends and other cash distributions to our shareholders, service any debt we may incur and pay our operating expenses. In China, the payment of dividends is subject to limitations. PRC laws and regulations currently permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Under current PRC laws and regulations, our PRC subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until such reserve funds reach 50% of their registered capital. At the discretion of our PRC subsidiary, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserves may not be distributed as cash dividends. Further, if our PRC subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us. See “Item 3.D. Risk Factors— Risks Related to Our Corporate Structure and the Regulation of Our Business—We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.”

Subject to our memorandum and articles of association and certain restrictions under Cayman Islands law, our board of directors has complete discretion on whether to distribute dividends. In addition, our shareholders may by ordinary resolution declare dividends, but no such dividend shall exceed the amount recommended by our directors. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, they will be paid in accordance with Cayman Islands law, which provides, in summary, that dividends may be paid out of profits and/or our share premium account provided always that no such distribution or dividend paid to our shareholders will cause us to be unable to pay our debts as they fall due in the ordinary course of our business. In addition, the Companies Act (As Revised) of the Cayman Islands prevents us from offering our shares or securities to individuals within the Cayman Islands, which may limit our ability to distribute a dividend comprised of our shares or other securities. We will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Description of American Depositary Shares” in our registration statement on Form F-1 (File No. 333-173548), as amended, initially filed with the SEC on April 15, 2011. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. The Offer and Listing

A. Offering and Listing Details

See “—C. Markets”

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing 45 Class A ordinary shares, have been listed on the NYSE since May 4, 2011 and trade under the symbol “RENN.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are a Cayman Islands exempted company and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Act (As Revised) of the Cayman Islands, which is referred to below as the Companies Act, and the common law of the Cayman Islands.

The following are summaries of the material provisions of our amended and restated memorandum and articles of association and the Companies Act insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. As set forth in article 3 of our memorandum of association, the objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act, as amended from time to time, or any other law of the Cayman Islands.

Board of Directors

See “Item 6.C. Directors, Senior Management and Employees—Board Practices—Composition of Board of Directors” and “Item 6.C. Directors, Senior Management and Employees—Board Practices—Terms of Directors and Executive Officers.”

Ordinary Shares

General. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form, and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Act. In addition, our shareholders may by ordinary resolution declare dividends, but no such dividends shall exceed the amount recommended by our directors. The Companies Act provides, in summary, that dividends may be paid out of profits and/or our share premium account provided that no such distribution or dividend paid to our shareholders will, immediately after this payment, cause us to be unable to pay our debts as they fall due in the ordinary course of our business.

Conversion. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. All Class B ordinary shares beneficially owned by a holder and such holder’s affiliates will automatically convert into the same number of Class A ordinary shares if the holder and its affiliates collectively own less than 50% of the total shares held by them immediately upon the completion of our initial public offering in May 2011. In addition, upon any sale, transfer, assignment or disposition of Class B ordinary shares by a holder to any person or entity which is not over 50% owned by, or is not a direct family member of, the original holder, such Class B ordinary shares shall be automatically and immediately converted into an equal number of Class A ordinary shares. Furthermore, if a holder of the Class B ordinary shares transfers Class B ordinary shares to any entities in which the original holder owns over 50% but less than 100%, the number of Class B ordinary shares equal to the product of (X) the total number of Class B ordinary shares so transferred; and (Y) the difference between 100% and the percentage of ownership held by the original holder in the transferee shall be automatically and immediately converted into an equal number of Class A ordinary share.

Voting Rights. In respect of matters requiring shareholders' votes, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to ten votes. In addition, the following matters are subject to the approval by the holders representing a majority of the aggregate voting power of our company, the holders of a majority of total outstanding Class A ordinary shares and, for as long as SB Pan Pacific Corporation and its affiliates collectively own no less than 50% of the total shares held by them immediately upon the completion of our initial public offering, the approval of SB Pan Pacific Corporation: (i) a change of control event, and (ii) election of director(s) to the board at an annual general meeting. In addition, for as long as SB Pan Pacific Corporation and its affiliates collectively own no less than 50% of the total shares held by them immediately upon the completion of our initial public offering, we need to obtain SB Pan Pacific Corporation's approval for the following matters: (i) issuance of ordinary shares, or of securities convertible into or exercisable for ordinary shares, in the aggregate in excess of 10% of the number of all ordinary shares outstanding immediately prior to the issuance of such shares or securities on an as-converted basis in any 12-month period, (ii) acquisition of major assets or business for consideration exceeding 10% of our company market capitalization; (iii) disposals of our material assets with a value exceeding 5% of our company's market capitalization; or (iv) any amendment to our amended and restated memorandum and articles of association that specifically adversely affects the rights of SB Pan Pacific Corporation. In addition, for as long as SB Pan Pacific Corporation and its affiliates collectively own no less than 50% of the total shares held by them immediately upon the completion of our initial public offering, SB Pan Pacific Corporation and its affiliates will have the right to collectively appoint one director and the exclusive right to remove such director.

A quorum required for a meeting of shareholders consists of at least one shareholder present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative holding not less than an aggregate of one-third of all voting power of the shares in issue entitled to vote at the general meeting. Shareholders' meetings may be held annually and may be convened by any one of our directors on its own initiative or upon a request to the directors by shareholders holding in aggregate at least one-fifth of the voting power of our share capital. Advance notice of at least seven calendar days is required for the convening of our annual general meeting and other shareholders' meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution is required for important matters such as an amendment to our amended and restated memorandum or articles of association. Holders of the ordinary shares may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidating and dividing all or any of our share capital into shares of larger par value than our existing share capital, and canceling any shares.

Transfer of Shares. Subject to the restrictions of our amended and restated memorandum and articles of association, which allows our directors to decline to register a transfer of any share which is not fully paid or on which we have a lien and to decline to recognize an instrument of transfer should it fail to comply with the form prescribed by our board or our transfer agent, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board, and we will take all steps necessary to ensure that the transferee is entered on the register of members in order for the transfer to be effective. We understand that no further approval by any authority in the Cayman Islands will be required in order for the transfer of shares to be effective.

Liquidation. On a liquidation or winding up, distribution or payment shall be made to the holders of ordinary shares. Considerations received by each Class B ordinary share and Class A ordinary share should be the same in any liquidation event. Assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionally.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 calendar days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption of Shares. The provisions of the Companies Act, in summary, provides that provided our amended and restated articles of association permit it, we may issue shares which are to be redeemed or are liable to be redeemed at the option of our directors or a shareholder. In addition, the Companies Act allows us to purchase our own share, including any redeemable shares. Shares to be purchased or redeemed must be fully paid and there must remain at least one shareholder of the company holding shares. Share re-purchases or redemptions may be funded out of profits, capital or share premium, but to the extent funds other than profits are used, it is statutorily required that we be able to pay our debts as they fall due in our ordinary course of business following such a purchase or redemption. Subject to these provisions, our amended and restated articles of association allow us to issue shares on terms that are subject to either re-purchase by us or redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by special resolution.

Variations of Rights of Shares. If at any time the share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series) may, subject to the provisions of our amended and restated articles of association, be varied or abrogated either with the written consent 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. 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 to or *pari passu* with such previously existing shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records, with the exception that, pursuant to statutory requirements, any of our creditors or shareholder may inspect our register of mortgages and charges, which includes details of any mortgage and charge over our assets, our memorandum and articles of association and any special resolutions of our shareholders. We will provide our shareholders with annual audited financial statements.

Anti-Takeover Provisions. Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and
- establish advance notice requirements for nominating board of directors nominees or for proposing matters that can be acted on by shareholders at annual shareholder meetings.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated memorandum and articles of association for a proper purpose and for what they honestly believe in good faith to be in the best interests of our company.

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

C. Material Contracts

For the two years immediately preceding the date of this annual report, we have not entered into any material contracts, other than in the ordinary course of business or those described in “Item 4. Information on the Company” or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

The Cayman Islands currently has no exchange control restrictions. See also “Item 4.B—Information on the Company— Business Overview— Regulation—Regulations on Foreign Exchange.”

E. Taxation

The following discussion of the material Cayman Islands, PRC and United States federal income tax consequences of an investment in our Class A ordinary shares or ADSs is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the Class A ordinary shares or ADSs, such as the tax consequences under U.S. state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it is the opinion of Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, and to the extent it relates to PRC tax law, it is the opinion of Commerce & Finance Law Offices, our PRC legal counsel.

Cayman Islands Taxation

We are an exempted company incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company.

People's Republic of China Taxation

We are a holding company incorporated in the Cayman Islands, and 100% of our equity interests in our PRC subsidiaries are held indirectly through our offshore holding companies. Our business operations are principally conducted through our PRC subsidiaries and consolidated affiliated entities. The Enterprise Income Tax Law provides that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent that is not a PRC resident enterprise and has no establishment in the PRC, will normally be subject to PRC withholding tax at a rate of 10%. Under the Enterprise Income Tax Law, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered to be PRC tax resident enterprises for tax purposes. If we are considered a PRC tax resident enterprise under the above definition, then our global income will be subject to PRC enterprise income tax at the rate of 25%.

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

United States Federal Income Tax Considerations

The following discussion is a summary of certain material U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or ordinary shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing U.S. federal income tax law, as of the date of this annual report and which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service, the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, Medicare, and alternative minimum tax considerations, any election to apply Section 1400Z-2 of the Code to gains recognized with respect to sales or other dispositions of our ADSs or ordinary shares, special accounting rules under Section 451(b) of the Code, or any state, local or non-U.S. tax considerations, relating to the ownership or disposition of our ADSs or ordinary shares. The following summary also does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- dealers or traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- governmental organizations;
- investors who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;

- investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- investors holding their ADSs or ordinary shares in connection with a trade or business, fixed place of business, or permanent establishment outside the United States;
- investors that actually or constructively own 10% or more of our stock (by vote or value); or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or ordinary shares through such entities.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in or organized under the law of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of the ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Each U.S. Holder is urged to consult its tax advisor regarding the U.S. federal, state and local and non-U.S. tax considerations of owning and disposing of our ADSs or ordinary shares in its particular circumstances.

Dividends

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” distributions paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations. The amount of any dividend income paid in a foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be taxable at reduced rates. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of these reduced tax rates in their particular circumstances.

Dividends will generally be treated as income from foreign sources for United States foreign tax credit purposes and will generally constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares (see “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation). For U.S. federal income tax purposes, the amount of any dividend income will include amounts withheld in respect of PRC withholding tax, if any.

Depending on a U.S. Holder's individual facts and circumstances, the U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit not in excess of any applicable treaty rate in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” a U.S. Holder will generally recognize gain or loss upon the sale or other disposition of our ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and such U.S. Holder's adjusted tax basis in such ADSs or ordinary shares. The gain or loss will generally be capital gain or loss. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year. The deductibility of a capital loss may be subject to limitations.

Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S.-source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits. However, in the event we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, we may be eligible for the benefits of the United States-PRC income tax treaty. In such event, if PRC tax were to be imposed on any gain from the disposition of our ADSs or ordinary shares, a U.S. Holder that is eligible for the benefits of the United States-PRC income tax treaty may elect to treat such gain as PRC source income. If a U.S. Holder is not eligible for the benefits of the United States-PRC income tax treaty or fails to make the election to treat any gain as foreign source, then such U.S. Holder may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of our ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). Each U.S. Holder is advised to consult its tax advisors regarding the tax consequences if foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of any foreign tax credit under its particular circumstances.

Passive Foreign Investment Company Rules

A non-U.S. corporation, such as us, will be classified as a PFIC if, in the case of any particular taxable year, either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are generally categorized as passive assets and the company's goodwill and other unbooked intangibles associated with active business activities may generally be classified as active assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. For purposes of these rules, we will generally be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Based upon the nature of our business, the composition of our income and assets and the value of our assets, including goodwill (which is based on the market price of our ADSs), we believe we might be a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2020, and may be a PFIC for the current taxable year or in the future. Whether we were or are a PFIC is a fact-intensive determination made on an annual basis and the applicable law is subject to varying interpretation. Such determination is uncertain because, among other things, (i) the total value of our assets may be determined, in part, by reference to our market capitalization from time to time, which may fluctuate considerably and (ii) the characterization of our income and assets as active or passive may depend, in part, on our current and intended future business plans, including how, and how quickly, we use our liquid assets, which are subject to change. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the IRS will not successfully challenge our position. Accordingly, our U.S. counsel expresses no opinion with respect to our PFIC status for any taxable year.

For any taxable year during which we are a PFIC and a U.S. Holder holds our ADSs or ordinary shares, unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for our ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition of our ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for our ADSs or ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year") will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and
- the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our subsidiaries, our VIE or any of the subsidiaries of our VIE is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, our VIE or any of the subsidiaries of our VIE.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If we are a PFIC and a U.S. Holder makes this election with respect to our ADSs, the U.S. Holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of the ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss in each such taxable year the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of our ADSs and we cease to be classified as a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market as defined in applicable U.S. Treasury Regulations. The ADSs will be treated as "regularly traded" for any calendar year in which more than a *de minimis* quantity of the ADSs are traded on a qualified exchange for at least 15 days during each calendar quarter. The Nasdaq Global Market, where our ADSs are listed, is a qualified exchange for this purpose (but no assurance can be given in this regard).

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the U.S. Holder must generally file an annual IRS Form 8621 or such other form as is required by the U.S. Treasury Department. Each U.S. Holder is advised to consult its tax advisor regarding the potential tax consequences to such U.S. Holder relating to our PFIC status, including the possibility of making a mark-to-market election.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other "exempt recipient" and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS. Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of our ADSs or ordinary shares, unless the ADSs or ordinary shares are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-U.S. financial institutions)). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to our ADSs or ordinary shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed our registration statement on Form F-1 (Registration No. 333-173548), including the prospectus contained therein, with the SEC to register our Class A ordinary shares. We have also filed a related registration statement on Form F-6 (Registration No. 333-173515) with the SEC to register the ADSs.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year, which is December 31. Reports and other information, when so filed, may be accessed on the SEC website at www.sec.gov. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Citibank, N.A, the depository of our ADSs, all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us. We will file our annual report on Form 20-F, including our audited financial statements, with the SEC. Our annual report on Form 20-F can be accessed on the SEC's website as well the investor relations section of our website. Investors may request a hard copy of our annual report, free of charge, by contacting us.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Foreign Exchange Risk

Most of our revenues and expenses are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although our exposure to foreign exchange risks is generally limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while our ADSs are 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. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs 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 us. As of December 31, 2020, we had RMB-denominated cash and term deposits totaling RMB45.2 million (US\$6.9 million) and U.S. dollar-denominated cash and term deposits totaling US\$12.7 million.

Interest Rate Risk

We have exposure to interest rate risk relating to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. Interest-earning instruments carry a degree of interest rate risk. Because we do not have a large amount of excess cash beyond the needs of our business for working capital, we do not believe that the risk from market fluctuations in interest rates is material.

Inflation

Since our inception, inflation in China has not materially impacted our 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 2018, 2019 and 2020 were increases of 1.9%, 4.5% and 0.2%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS Holders May Have to Pay

Citibank, N.A., is the depository of our ADS program. Set forth below is a summary of fees holders of our ADSs may be required to pay for various services the depository may provide:

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

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

- fees for the transfer and registration of Class A ordinary shares charged by the registrar and transfer agent for the Class A ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of Class A ordinary shares);
- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes and duties upon the transfer of securities (i.e., when Class A ordinary shares are deposited or withdrawn from deposit); and
- fees and expenses incurred in connection with the delivery or servicing of Class A ordinary shares on deposit.

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

The depository fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (such as stock dividends and rights distributions), the depository charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depository sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depository generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depository.

The fees and charges ADS holders may be required to pay may vary over time and may be changed by us and by the depository. ADS holders will receive prior notice of such changes.

Fees and Other Payments Made by the Depository to Us

The depository has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADS program, including investor relations expenses and exchange application and listing fees. There are limits on the amount of expenses for which the depository will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depository collects from investors. In 2018, 2019 and 2020, we received approximately US\$0.8 million, US\$0.1 million and US\$0.3 million, respectively, net of applicable withholding taxes in the United States, from the depository as reimbursement for our expenses incurred in connection with the establishment and maintenance of the ADS program.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information—Ordinary Shares” for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and acting chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act. Based upon this evaluation, our management, with the participation of our chief executive officer and acting chief financial officer, has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were not effective, due to the four material weaknesses in our internal control over financial reporting as described below.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in by the SEC’s rules and forms, and that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and acting chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for our company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company’s assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that a company’s receipts and expenditures are being made only in accordance with authorizations of a company’s management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company’s assets that could have a material effect on the consolidated financial statements. Due to its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation, and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act and related rules as promulgated by the SEC, our management assessed the effectiveness of our company’s internal control over financial reporting as of December 31, 2020, using criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. During the year ended December 31, 2019, our management identified four material weaknesses in our internal control over financial reporting, which remain unremediated as of December 31, 2020, as follows:

- Inadequate technical competency of financial staff in charge of significant and complex transactions to ensure that those transactions are properly accounted for in accordance with U.S. GAAP;
- Lack of an effective continuous risk assessment process to identify and assess the financial reporting risks;
- Lack of evaluations to ascertain whether the components of internal control are present and functioning; and
- Inadequate controls over inventory custody at local dealerships under Kaixin.

As a result of these material weaknesses and based on the evaluation described above, management concluded that our internal control over financial reporting was not effective as of December 31, 2020. Notwithstanding these material weaknesses, however, management has concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Management’s Remediation Plans and Actions

To remediate the material weaknesses described above in “Management’s Report on Internal Control over Financial Reporting,” we are implementing the plan and measures described below, and we will continue to evaluate and may in the future implement additional measures.

We will carry out the following remediation measures:

- We plan to recruit additional staff with relevant accounting experience, skills and knowledge in accounting and disclosure for complex transactions under the requirements of U.S. GAAP.
- We will design and implement robust financial reporting and management controls over future significant and complex transactions.

We believe that we are taking the steps necessary for remediation of the material weaknesses identified above, and we will continue to monitor the effectiveness of these steps and to make any changes that our management deems appropriate.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no other changes in our internal control over financial reporting during the year ended December 31, 2020 that have materially affected or are reasonable likely to materially affect our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management, including our chief executive officer and our acting chief financial officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and procedures and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Item 16. Reserved

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Lin Cong, who is an independent director (under the standards set forth in Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Exchange Act), qualifies as an “audit committee financial expert.”

Item 16B. Code of Ethics

Our board has adopted a code of business conduct and ethics that provides that our directors and officers are expected to avoid any action, position or interest that conflicts with the interests of our company or gives the appearance of a conflict. Directors and officers have an obligation under our code of business conduct and ethics to advance our company’s interests when the opportunity to do so arises. We have posted a copy of our code of business conduct and ethics on our website at <http://www.renren-inc.com>.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below that are billed or made payable for certain professional services rendered by KPMG Huazhen LLP, or KPMG, and Marcum Bernstein & Pinchuk LLP, or MarcumBP, our principal external auditors, directly to us during the periods indicated.

	For the Years Ended December 31,	
	2019	2020
	(in thousands of US\$)	
Audit fees ⁽¹⁾	699.0	149.3
Tax fees ⁽²⁾	30.0	—
Other fees ⁽³⁾	141.2	—

Notes:

- (1) “Audit fees” means the aggregate fees billed or made payable during the year for professional services rendered by our independent auditors in connection with the audit of our own consolidated financial statements or the review of our own interim consolidated financial statements required for statutory or regulatory filings. We paid or accrued audit fees of US\$0.7 million and US\$0.05 million related to KPMG in 2019 and 2020, respectively. We paid or accrued audit fees of US\$0.1 million related to MarcumBP in 2020.
- (2) “Tax fees” include fees billed or made payable during the year for tax advisory service provided by our independent registered public accounting firm to us. We paid or accrued tax fees of US\$0.03 million related to KPMG in 2019.
- (3) “Other fees” represent the aggregate fees billed or made payable during the year for professional services rendered by our independent registered public accounting firm to us other than the services reported in (1) and (2). We paid or accrued other fees of US\$0.14 million related to KPMG in 2019.

All audit and non-audit services provided by our independent auditors must be pre-approved by our audit committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the course of the administration of our equity incentive plans, we have, from time to time, canceled or repurchased restricted shares or other securities held by employees or other participants of our equity incentive plans.

Our previously adopted ADS repurchase program expired without any repurchases having taken place. We currently have no repurchase program in place.

Item 16F. Change in Registrant’s Certifying Accountant

Effective on December 9, 2020, we engaged Marcum Bernstein & Pinchuk LLP, or MarcumBP, as our independent registered public accounting firm. We also dismissed KPMG Huazhen LLP on the same date. The change of our independent registered public accounting firm was approved by the audit committee of our board.

The audit report of KPMG Huazhen LLP on our consolidated financial statements as of and for the year ended December 31, 2019, did not contain any adverse opinion or disclaimer of opinion, nor was the report qualified or modified as to uncertainty, audit scope, or accounting principles, except as follows:

KPMG Huazhen LLP’s report on our consolidated financial statements as of and for the year ended December 31, 2019 contained separate paragraphs stating that:

(1) “The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred a loss from operations and negative cash flows from operating activities, has net current liabilities and an accumulated deficit, and has defaulted on loans that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.”

(2) “As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standards Codification Topic 842, Leases (“ASC 842”).”

During the year ended December 31, 2019 and the subsequent period prior to our engagement of MarcumBP, there were no: (1) disagreements with KPMG Huazhen LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their opinion to the subject matter of the disagreement, or (2) “reportable events” requiring disclosure pursuant to Item 16F(a)(1)(v) of the instructions to Form 20-F in connection with our annual report on Form 20-F, except that KPMG Huazhen LLP advised us of the following material weaknesses: (i) 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, (ii) lack of an effective continuous risk assessment process to identify and assess the financial reporting risks, and (iii) lack of evaluations to ascertain whether the components of internal control are present and functioning.

Item 16G. Corporate Governance

Section 303A.01 of the NYSE Listed Company Manual requires a listed company to have a majority of independent directors.

Section 303A.07(a) of the NYSE Listed Company Manual requires the audit committee to have a minimum of three members.

Section 303A.08 of the NYSE Listed Company Manual requires a listed company to give shareholders an opportunity to vote on all equity compensation plans and material revisions thereto.

Section 303A.12(a) of the NYSE Listed Company Manual requires each listed company’s chief executive officer to certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards.

We are a Cayman Islands exempted company, and there are no requirements under applicable Cayman Islands law that correspond to these sections of the NYSE Listed Company Manual. Pursuant to the exception granted to foreign private issuers under Section 303A.00 of the NYSE Listed Company Manual, we have followed our home country practice and are exempted from the requirements of Sections 303A.01, 303A.07(a), 303A.08 and 303A.12(a) of the NYSE Listed Company Manual, although currently we are in compliance with the requirement to have a majority of independent directors under Section 303A.01.

Other than the requirements discussed above, there are no significant differences between our corporate governance practices and those followed by domestic listed companies as required under the NYSE Listed Company Manual.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

Item 18. Financial Statements

The consolidated financial statements of Renren Inc. and its subsidiaries and consolidated affiliated entities are included at the end of this annual report.

Item 19. Exhibits

Exhibit Number	Description of Document
1.1	Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated by reference to Exhibit 3.2 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
2.1	Specimen American depository receipt of the Registrant (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
2.2	Specimen Class A ordinary share certificate of the Registrant (incorporated by reference to Exhibit 4.2 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
2.3	Deposit Agreement, dated as of May 4, 2011, by and among the Registrant, Citibank, N.A., as depository, and the holders of the American Depository Receipts (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form S-8 (file no. 333-177366), filed with the SEC on October 18, 2011).
2.4	Amended and Restated Investors' Rights Agreement between the Registrant and other parties therein, dated as of April 4, 2008, as amended (incorporated by reference to Exhibit 4.6 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
2.5	Description of Securities (incorporated herein by reference to Exhibit 2.6 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on July 7, 2020 (file no. 001-35147)).
4.1	2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.2	2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.3	2009 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.4	2011 Share Incentive Plan (as amended by Amendment No.1 to the 2011 Share Incentive Plan) (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-8 (file no. 333-209734), filed with the SEC on February 26, 2016).
4.5	2016 Share Incentive Plan (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-8 (file no. 333-209734), filed with the SEC on February 26, 2016).
4.6	2018 Share Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-8 (file no. 333-227886), filed with the SEC on October 19, 2018).
4.7	Form of Indemnification Agreement between the Registrant and its directors and officers (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.8	Form of Employment Agreement between the Registrant and the officers of the Registrant (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.9	Business Operations Agreement, dated as of December 23, 2010, between Qianxiang Shiji, Qianxiang Tiancheng and the shareholders of Qianxiang Tiancheng (incorporated by reference to Exhibit 10.7 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.10	Amended and Restated Equity Option Agreements, dated as of December 23, 2010, between Qianxiang Shiji and the shareholders of Qianxiang Tiancheng (incorporated by reference to Exhibit 10.8 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).

Exhibit Number	Description of Document
4.11	Amended and Restated Equity Interest Pledge Agreements, dated as of December 23, 2010, between Qianxiang Shiji and the shareholders of Qianxiang Tiancheng (incorporated by reference to Exhibit 10.9 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.12	Power of Attorney, dated as of December 23, 2010, by the shareholders of Qianxiang Tiancheng (incorporated by reference to Exhibit 10.10 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.13	Amended and Restated Exclusive Technical Service Agreement, dated as of December 23, 2010, between Qianxiang Shiji and Qianxiang Tiancheng (incorporated by reference to Exhibit 10.13 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.14	Amended and Restated Intellectual Property Right License Agreement, dated as of December 23, 2010, between Qianxiang Shiji and Qianxiang Tiancheng (incorporated by reference to Exhibit 10.14 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.15	Spousal Consents, dated as of December 23, 2010, by the shareholders of Qianxiang Tiancheng (incorporated by reference to Exhibit 10.11 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.16	Amended and Restated Loan Agreements, dated as of December 23, 2010, between Qianxiang Shiji and the shareholders of Qianxiang Tiancheng (incorporated by reference to Exhibit 10.12 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011).
4.17	Automobile Consumer Loan Cooperation (Framework) Agreement between Ping An Bank Co., Ltd. Shanghai Branch and Shanghai Jiying Automobile Sales Co., Ltd., dated April 17, 2017 (incorporated by reference to Exhibit 4.71 to our annual report on Form 20-F (file no. 001-35147), filed with the SEC on May 15, 2019).
4.18	Supplementary Agreement of Auto Consumer Loan Cooperation (Framework) Agreement between Ping An Bank Co., Ltd. Shanghai Branch and Shanghai Jiying Automobile Sales Co., Ltd., dated June 1, 2017 (incorporated by reference to Exhibit 4.72 to our annual report on Form 20-F (file no. 001-35147), filed with the SEC on May 15, 2019).
4.19	Master Transaction Agreement among Renren Inc., CM Seven Star Acquisition Corporation and Kaixin Auto Group, dated April 30, 2018 (incorporated by reference to Exhibit 4.73 to our annual report on Form 20-F (file no. 001-35147), filed with the SEC on May 15, 2019).
4.20	Non-Competition Agreement between Renren Inc. and Kaixin Auto Group, dated April 30, 2018 (incorporated by reference to Exhibit 4.74 to our annual report on Form 20-F (file no. 001-35147), filed with the SEC on May 15, 2019).
4.21	Transitional Services Agreement between Renren Inc. and Kaixin Auto Group, dated April 30, 2018 (incorporated by reference to Exhibit 4.75 to our annual report on Form 20-F (file no. 001-35147), filed with the SEC on May 15, 2019).
4.22	Investor Rights Agreement among CM Seven Star Acquisition Corporation, Shareholder Value Fund and Renren Inc., dated April 30, 2019 (incorporated by reference to Exhibit 10.27 to Kaixin Auto Holdings' current report on Form 8-K (File No. 001-38261), as amended, initially filed with the SEC on May 6, 2019).
4.23	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, 2019 (incorporated by reference to Exhibit 10.28 to Kaixin Auto Holdings' current report on Form 8-K (File No. 001-38261), as amended, initially filed with the SEC on May 6, 2019).
4.24	Share Exchange Agreement dated November 2, 2018, by and among Kaixin Auto Group, the Registrant and CM Seven Star Acquisition Corp. (incorporated by reference to Exhibit 99.1 to our Current Report on Form 6-K (file no. 001-35147), filed with the SEC on November 6, 2018).
4.25	Convertible Loan Agreement dated January 28, 2019, by and among Kaixin Auto Group, the Registrant, CM Seven Star Acquisition Corp., and Kunlun Tech Limited (incorporated by reference to Exhibit 99.2 to our Current Report on Form 6-K (file no. 001-35147), filed with the SEC on January 29, 2019).
4.26*	Power of Attorney, dated as of December 22, 2020, by the shareholders of Qianxiang Tiancheng
4.27*	Share Purchase Agreement, dated December 31, 2020, among Kaixin Auto Holdings and shareholders of Haitaoche Limited
4.28*	Securities Purchase Agreement, dated March 31, 2021, between the Registrant and Kaixin Auto Holdings
8.1*	Principal Subsidiaries of the Registrant

Exhibit Number	Description of Document
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to our Registration Statement on Form F-1 (file no. 333-173548), as amended, initially filed with the SEC on April 15, 2011)
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
15.2*	Consent of Marcum Bernstein & Pinchuk LLP
15.3*	Consent of Commerce & Finance Law Offices
15.4*	Consent of Maples and Calder (Hong Kong) LLP
16.1*	Letter from KPMG Huazhen LLP, as required by Item 16F of Form 20-F
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Renren Inc.

By: /s/ Joseph Chen

Name: Joseph Chen

Title: Chairman of the Board of Directors and Chief Executive Officer

Dated: May 27, 2021

RENREN INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2020 AND
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Renren Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Renren Inc. (the "Company") as of December 31, 2019 and 2020, the related consolidated statements of operations and comprehensive loss, changes in equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes and schedule (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited the adjustments to the 2018 consolidated financial statements to retrospectively present discontinued operations as described in Note 1 and Note 4. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 consolidated financial statements taken as a whole.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Codification ("ASC") Topic 842, Leases.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is the matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Critical Audit Matter Description

Discontinued operations - Refer to note 4 to the consolidated financial statements

On December 31, 2020, one of the Company's major subsidiaries, Kaixin Auto Holdings ("Kaixin"), entered into a share purchase agreement with the shareholders of Haitaoche Limited. Upon closing of the transaction, Haitaoche Limited's shareholders will obtain control of Kaixin, and the Company will no longer consolidate Kaixin, but will retain a minority interest. In management's judgment, the transaction represents a strategic shift that will have a major effect on operations and financial results. Accordingly, the Company classified the business of Kaixin as discontinued operations for all periods presented.

The principal considerations for our determination that performing procedures relating to the asset and liabilities held for sale and presentation of Kaixin's operating results and cash flows as discontinued operation is a critical audit matter are (i) it is a significant unusual transaction impacting the presentation and disclosure of Kaixin's assets, liabilities, operations and cash flows in the consolidated financial statements, (ii) significant audit effort was required in evaluating the assumptions and estimates related to segregation of assets and liabilities included in within a disposal group classified as held for sale and of results of discontinued operation.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the classification of the Kaixin business as a discontinued operation included the following, among others:

- We inquired of management to understand progression of the potential divestiture transaction and reviewed the resolution of board of directors for the approval of the transaction.
- We reviewed the accounting memo and evaluated management's judgments over the identification of the disposal group by obtaining an understanding of managements judgments, reading the share purchase agreement and relevant supporting documentation, and inquiring of management regarding specific assumptions made such as allocation of share-based compensation expense.
- We tested the recognition and classification of amounts included in discontinued operations by recalculating allocable expenses, assets and liabilities using the Company's historical accounting records, and assessing the Company's ongoing involvement as a minority shareholder of the disposal group.
- We reviewed the accuracy of the Company's restatement of the prior period financial statements.

/s/ Marcum Bernstein & Pinchuk LLP

We have served as the Company's auditor since 2020.

Beijing, China
May 27, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF RENREN INC.

Opinion on the Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the discontinued operations discussed in Note 1 and Note 4 to the consolidated financial statements, the consolidated statement of operations, comprehensive income, changes in equity and cash flow of Renren Inc., its subsidiaries, its variable interest entities and the subsidiaries of its variable interest entities (collectively, the "Company") for the year ended December 31, 2018, and the related notes and the financial statement schedule included in Schedule I (collectively referred to as the "2018 financial statements") (the 2018 financial statements before the effects of the retrospective adjustments discussed in Note 1 and Note 4 to the financial statements are not presented herein). In our opinion, the 2018 financial statements, before the effects of the retrospective adjustments to retrospectively apply the discontinued operations discussed in Note 1 and Note 4 to the financial statements, present fairly, in all material respects, the results of its operations and its cash flow for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the discontinued operations discussed in Note 1 and Note 4 to the financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/Deloitte Touche Tohmatsu Certified Public Accountants LLP

Beijing, the People's Republic of China

May 15, 2019

We began serving as the Company's auditor in 2008. In 2019, we became the predecessor auditor.

RENREN INC.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2020

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

	As of December 31,	
	2019	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,283	\$ 19,630
Restricted cash	13,091	14,457
Accounts receivable	430	474
Short term investments	1,436	-
Prepaid expenses and other current assets	2,868	2,196
Inventory	991	704
Amounts due from related parties	688	764
Amount due from subsidiary held for sale	-	2,255
Assets of discontinued operations – current	51,985	48,467
Total current assets	72,772	88,947
Property and equipment, net	698	439
Intangible assets, net	708	325
Goodwill	124	124
Long-term investments	13,454	53,641
Amounts due from related parties - non-current	131,758	67,985
Right-of-use assets	3,254	2,135
Restricted cash – non-current	358	-
Other non-current assets	680	77
Assets of discontinued operations – non-current	2,405	-
TOTAL ASSETS	\$ 226,211	\$ 213,673
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,271	\$ 951
Short-term debt	14,447	11,400
Accrued expenses and other current liabilities	13,875	10,819
Operating lease liabilities - current	1,051	1,409
Payable to investors	14	15
Amounts due to related parties	774	697

RENREN INC.

CONSOLIDATED BALANCE SHEETS - continued
DECEMBER 31, 2019 AND 2020
(In thousands of US dollars, except share data and per share data)

	As of December 31,	
	2019	2020
Deferred revenue	750	602
Income tax payable	14,735	13,841
Contingent consideration	204	407
Liabilities of discontinued operations – current	51,049	40,962
Total current liabilities	98,170	81,103
Long-term liabilities:		
Long-term debt	-	1,585
Operating lease liabilities - non-current	1,170	589
Long-term contingent consideration	828	1,652
Liabilities of discontinued operations– non-current	810	-
Total non-current liabilities	2,808	3,826
TOTAL LIABILITIES	\$ 100,978	\$ 84,929
Equity:		
Class A ordinary shares, \$0.001 par value, 3,000,000,000 shares authorized, 750,816,633 and 769,444,113 shares issued and outstanding as of December 31, 2019 and 2020, respectively	\$ 751	\$ 770
Class B ordinary shares, \$0.001 par value, 500,000,000 shares authorized, 305,388,450 and 305,388,450 shares issued and outstanding as of December 31, 2019 and 2020, respectively; each Class B ordinary share is convertible into one Class A ordinary share	305	305
Additional paid-in capital	720,513	741,130
Accumulated deficit	(614,834)	(634,054)
Statutory reserves	6,712	6,712
Accumulated other comprehensive loss	(9,334)	(9,706)
Total Renren Inc. shareholders' equity	104,113	105,157
Noncontrolling interest	21,120	23,587
Total equity	125,233	128,744
TOTAL LIABILITIES AND EQUITY	\$ 226,211	\$ 213,673

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

RENREN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020
(In thousands of US dollars, except share data and per share data)

	Years ended December 31,		
	2018	2019	2020
Revenues:			
Automobile sales	\$ 47,226	\$ -	\$ -
SaaS revenue	5,748	8,261	17,519
Other services	13,820	6,824	587
Total revenues	66,794	15,085	18,106
Cost of revenues:			
Automobile sales	50,531	-	-
SaaS business	2,331	1,743	3,353
Other services	9,635	4,975	98
Total cost of revenues	62,497	6,718	3,451
Gross profit	4,297	8,367	14,655
Operating expenses (income):			
Selling and marketing	10,485	10,780	8,293
Research and development	21,930	22,791	11,347
General and administrative	48,082	10,089	22,242
Bad debt provision of prepaid expenses and other current assets	-	418	-
Provision of amount due from a related party	-	12,408	-
Impairment of goodwill	29,055	9,288	-
Gain on disposal of property and equipment	(25,928)	-	-
Total operating expenses	83,624	65,774	41,882
Loss from operations	(79,327)	(57,407)	(27,227)
Other (expenses) income	(1,202)	1,523	3,543
Fair value change gain (loss) of contingent consideration	19,899	20,662	(1,027)
Impairment of long-term investments	-	(2,000)	-
Interest income (including interest income from a related party of \$3,880, \$7,878 and \$9,176 for the years ended December 31, 2018, 2019 and 2020, respectively)	5,185	8,776	8,079
Interest expenses	(842)	(566)	(303)
Realized loss on disposal of long-term investments	(2,141)	-	-
Loss before provision of income tax and earnings (loss) in equity method investments and noncontrolling interest, net of tax	(58,428)	(29,012)	(16,935)
Income tax (expenses) benefits	(8,988)	(1,944)	65
Loss before (loss) earnings in equity method investments and noncontrolling interest, net of tax	(67,416)	(30,956)	(16,870)
(Loss) earnings in equity method investments, net of tax	(2,463)	(7,464)	70
Loss from continuing operations	\$ (69,879)	\$ (38,420)	\$ (16,800)

RENREN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020 - continued
(In thousands of US dollars, except share data and per share data)

	Years ended December 31,		
	2018	2019	2020
Discontinued operations:			
Loss from the operations of the discontinued operations, net of tax expenses of \$nil for the years ended December 31, 2018, 2019 and 2020, respectively	\$ (107,737)	\$ (69,068)	\$ (5,320)
Gain on deconsolidation of subsidiaries, net of tax of \$nil for the years ended December 31, 2018, 2019 and 2020, respectively	242,097	-	-
Income (Loss) from discontinued operations, net of tax expenses of \$nil for the years ended December 31, 2018, 2019 and 2020, respectively	134,360	(69,068)	(5,320)
Net income (loss)	64,481	(107,488)	(22,120)
Net loss attributable to the noncontrolling interest	(8,059)	(56,391)	(2,900)
Net (loss) income from continuing operations attributable to Renren Inc.	(61,820)	17,971	(13,900)
Net income (loss) from discontinued operations attributable to Renren Inc.	134,360	(69,068)	(5,320)
Net income (loss) attributable to Renren Inc.	\$ 72,540	\$ (51,097)	\$ (19,220)

RENREN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020 - continued
(In thousands of US dollars, except share data and per share data)

	Years ended December 31,		
	2018	2019	2020
Net loss per share:			
Net loss per share from continuing operations attributable to Renren Inc. shareholders:			
Basic	\$ (0.07)	\$ 0.02	\$ (0.01)
Diluted	<u>\$ (0.07)</u>	<u>\$ 0.02</u>	<u>\$ (0.01)</u>
Net income (loss) per share from discontinued operations attributable to Renren Inc. shareholders:			
Basic	\$ 0.14	\$ (0.07)	\$ (0.01)
Diluted	<u>\$ 0.13</u>	<u>\$ (0.07)</u>	<u>\$ (0.01)</u>
Net income (loss) per share attributable to Renren Inc. shareholders:			
Basic	\$ 0.07	\$ (0.05)	\$ (0.02)
Diluted	<u>\$ 0.07</u>	<u>\$ (0.05)</u>	<u>\$ (0.02)</u>
Weighted average number of shares used in calculating net income (loss) per share from continuing operations attributable to Renren Inc. shareholders:			
Basic	1,036,421,063	1,049,024,096	1,063,651,105
Diluted	<u>1,036,421,063</u>	<u>1,049,024,096</u>	<u>1,063,651,105</u>
Weighted average number of shares used in calculating net (loss) income per share from discontinued operations attributable to Renren Inc. shareholders:			
Basic	1,036,421,063	1,049,024,096	1,063,651,105
Diluted	<u>1,095,805,917</u>	<u>1,049,024,096</u>	<u>1,063,651,105</u>

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

RENREN INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020
(In thousands of US dollars)

	Years ended December 31,		
	2018	2019	2020
Net income (loss)	\$ 64,481	\$ (107,488)	\$ (22,120)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation, net of nil income taxes	(5,770)	(4,868)	425
Net unrealized (loss) gain on available-for-sale investments, net of tax of \$nil for the years ended December 31, 2018, 2019 and 2020, respectively	(9,671)	9	-
Transfer to statements of operations of realized gain on available-for-sale investments, net of tax of \$nil for the years ended December 31, 2018, 2019 and 2020, respectively	(7,364)	(9)	-
Other comprehensive (loss) income	(22,805)	(4,868)	425
Comprehensive income (loss)	41,676	(112,352)	(21,695)
Less: Comprehensive loss attributable to noncontrolling interest	(10,578)	(57,915)	(2,351)
Comprehensive income (loss) attributable to Renren Inc.	\$ 52,254	\$ (54,437)	\$ (19,344)

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

RENREN INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020
(In thousands of US dollars, except share data)

	Class A ordinary shares		Class B ordinary shares		Additional paid-in capital	Accumulated deficit	Statutory reserves	Accumulated other comprehensive income (loss)	Total Renren Inc.'s equity	Non- controlling interest	Total equity
	Shares	Amount	Shares	Amount							
Balance at January 1, 2018	726,549,453	\$ 727	305,388,450	\$ 305	\$ 1,303,117	\$ (653,173)	\$ 6,712	\$ 17,116	\$ 674,804	33,942	\$ 708,746
Stock-based compensation	-	-	-	-	31,603	-	-	-	31,603	-	31,603
Other comprehensive loss	-	-	-	-	-	7,364	-	(10,754)	(3,390)	(2,519)	(5,909)
Noncontrolling interest arising from an acquisition	-	-	-	-	-	-	-	(2,519)	(2,519)	5,535	3,016
Disposal of subsidiaries	-	-	-	-	(64)	-	-	-	(64)	(1,421)	(1,485)
Capital contribution from non-controlling shareholder	-	-	-	-	7,947	-	-	-	7,947	5,995	13,942
Deconsolidation of Oak Pacific Investment	-	-	-	-	(634,278)	9,532	-	(9,532)	(634,278)	-	(634,278)
Net income (loss)	-	-	-	-	-	72,540	-	-	72,540	(8,059)	64,481
Exercise of share option and restricted shares vesting	10,672,995	10	-	-	812	-	-	-	822	-	822
Balance at December 31, 2018	737,222,448	\$ 737	305,388,450	\$ 305	\$ 709,137	\$ (563,737)	\$ 6,712	\$ (5,689)	\$ 147,465	\$ 33,473	\$ 180,938
Stock-based compensation	-	-	-	-	11,369	-	-	-	11,369	915	12,284
Other comprehensive loss	-	-	-	-	-	-	-	(3,344)	(3,340)	(1,524)	(4,864)
Acquisition of interest in a dealership held by non-controlling shareholder	-	-	-	-	(187)	-	-	-	(187)	(1,325)	(1,512)
Disposal of a dealership	-	-	-	-	(81)	-	-	-	(81)	(701)	(782)
Reverse recapitalization of the Kaixin Offering	-	-	-	-	(21,040)	-	-	(305)	(21,345)	16,298	(5,047)
Issuance of units by KAH and conversion of rights to KAH's ordinary shares	-	-	-	-	5,184	-	-	-	5,184	2,316	7,500
Beneficial conversion feature of a convertible loan issued by Kaixin	-	-	-	-	1,471	-	-	-	1,471	657	2,128
Conversion of convertible loans issued by Kaixin to KAH's ordinary shares	-	-	-	-	14,666	-	-	-	14,666	6,553	21,219
Net loss	-	-	-	-	-	(51,097)	-	-	(51,097)	(56,391)	(107,488)
Exercise of share option and restricted shares vesting	13,594,185	14	-	-	(6)	-	-	-	8	-	8
Reclassification from liability to equity for contingent consideration	-	-	-	-	-	-	-	-	-	20,849	20,849
Balance at December 31, 2019	750,816,633	\$ 751	305,388,450	\$ 305	\$ 720,513	\$ (614,834)	\$ 6,712	\$ (9,334)	\$ 104,113	\$ 21,120	\$ 125,233
Stock-based compensation	-	-	-	-	17,549	-	-	-	17,549	1,133	18,682
Capital contribution from non-controlling shareholder	-	-	-	-	2,329	-	-	-	2,329	1,885	4,214
Waived performance and marketing conditions of ear out shares	-	-	-	-	(773)	-	-	-	(773)	773	-
Issuance of ordinary shares to EarlyBird Capital by Kaixin	-	-	-	-	663	-	-	-	663	337	1,000
Beneficial conversion feature of preferred shares issued by Kaixin	-	-	-	-	868	-	-	-	868	442	1,310
Other comprehensive loss	-	-	-	-	-	-	-	(372)	(372)	797	425
Net loss	-	-	-	-	-	(19,220)	-	-	(19,220)	(2,900)	(22,120)
Exercise of share option and restricted shares vesting	18,627,480	19	-	-	(19)	-	-	-	-	-	-
Balance at December 31, 2020	<u>769,444,113</u>	<u>\$ 770</u>	<u>305,388,450</u>	<u>\$ 305</u>	<u>\$ 741,130</u>	<u>\$ (634,054)</u>	<u>\$ 6,712</u>	<u>\$ (9,706)</u>	<u>\$ 105,157</u>	<u>\$ 23,587</u>	<u>\$ 128,744</u>

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

RENREN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020
(In thousands of US dollars)

	Years ended December 31,		
	2018	2019	2020
Cash flows from operating activities:			
Net loss from continuing operations	\$ (69,879)	\$ (38,420)	\$ (16,800)
Net income (loss) from discontinued operations	134,360	(69,068)	(5,320)
Adjustments to reconcile net loss to net cash used in operating activities of continuing operations:			
Share-based compensation expense	20,166	8,580	15,320
Loss (earnings) in equity method investments	2,463	7,464	(70)
Realized loss on disposal of long-term investments	2,141	-	-
Reduction in the carrying amount of the right-of-use assets	-	1,358	898
Depreciation and amortization	1,282	807	967
Impairment on long-term investments	-	2,000	-
Impairment on goodwill	29,055	9,288	-
Write-offs of prepaid expenses and other current assets	-	418	281
Provision for doubtful accounts	41	(2)	-
Provision for amount due from a related party	-	12,408	-
Write-offs for advance to supplier related to Ji'nan Dealership	10,228	-	-
Write-offs of inventory related to Ji'nan Dealership	(200)	-	-
Gain on disposal of property and equipment	(25,928)	-	-
Realized gain on long-term available-for-sale investment	(1,005)	-	-
Fair value change of put option and liability-classified warrant	(233)	-	-
Fair value change of contingent consideration	(19,899)	(20,662)	1,027
Changes in operating assets and liabilities of continuing operations:			
Accounts receivable	3,692	506	(44)
Prepaid expenses and other current assets	60,790	4,037	391
Inventory	(1,247)	256	287
Right of use assets	-	(4,611)	221
Other non-current assets	154	82	603
Accounts payable	(23,260)	(1,216)	(320)
Amounts due from/to related parties	(10,280)	(6,495)	(7,909)
Amount due from subsidiary held for sale	-	-	(2,255)
Accrued expenses and other current liabilities	(5,837)	(7,877)	(3,056)
Interest payable to investors	(31)	-	-
Deferred revenue	(5,049)	(24)	(148)
Operating lease liabilities-current	-	1,050	358
Operating lease liabilities-non-current	-	1,169	(581)
Other non-current liabilities	3,147	-	-
Income tax payable	9,024	1,482	(894)
Net cash used in operating activities from continuing operations	(20,665)	(28,402)	(11,724)
Net cash used in operating activities from discontinued operations	(39,320)	(4,745)	(3,878)
Cash flows from investing activities of continuing operations:			
Proceeds from sale of equity investment with readily determinable fair values	8,432	-	-

RENREN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS – continued
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 and 2020
(In thousands of US dollars)

	Years ended December 31,		
	2018	2019	2020
Proceeds from sales of equity investments without readily determinable fair values	4,585	-	-
Proceeds from capital withdrawal from equity method investees	1,098	-	-
Proceeds from disposition of Renren SNS	-	6,090	-
Proceeds from repayment of the note issued by OPI	-	9,564	31,529
Purchase of equity investments without readily determinable fair values	(256)	-	-
Purchase of long-term available-for-sale investments	(650)	-	-
Proceeds from sales (Purchase) of short-term investments	-	(1,436)	1,436
Proceeds from disposal of equipment and property	60,388	111	58
Purchases of equipment and property	(132)	(412)	(221)
Cash disposed of from deconsolidation of subsidiaries	-	(343)	-
Acquisition of subsidiaries, net of cash acquired	496	-	-
Loans to third parties	(1,513)	-	-
Proceeds from repayment of third party loans	-	4,086	-
Net cash provided by investing activities from continuing operations	72,448	17,660	32,802
Net cash provided by investing activities from discontinued operations	98,994	1,223	-
Cash flows from financing activities of continuing operations:			
Proceeds from exercise of share options	526	8	1
Payment to investors	(5,594)	-	1
Repayment of convertible loans issued by Kaixin	-	(2,347)	-
Repayment of borrowings	(11,500)	(31,000)	(4,751)
Cash distribution to shareholders related to acquisition of OPI	(168,983)	-	-
Proceeds from borrowings	26,500	10,488	3,289
Advance from KAH's non-controlling Shareholder	-	3,386	-
Net cash provided by used in financing activities from continuing operations	(159,051)	(19,465)	(1,460)
Net cash (used in) provided by financing activities from discontinued operations	(95,128)	(6,328)	3,917
Net (decrease) increase in cash and cash equivalents and restricted cash from continuing operations	(107,268)	(30,207)	19,618
Net (decrease) increase in cash and cash equivalents and restricted cash from discontinued operations	(35,454)	(9,850)	39
Cash and cash equivalents and restricted cash at beginning of year from continuing operations	137,476	43,745	14,733
Cash and cash equivalents and restricted cash at beginning of year from discontinued operations	64,447	13,768	3,189
Effect of exchange rate changes	(1,688)	466	(330)
Cash and cash equivalents and restricted cash at end of year from continuing operations	\$ 43,745	\$ 14,733	\$ 34,087
Cash and cash equivalents and restricted cash at end of year from discontinued operations	13,768	3,189	3,162
Supplemental schedule of cash flows information from continuing operations:			
Interest paid	842	\$ 565	\$ 337
Income taxes paid	\$ -	\$ -	\$ -
Supplemental schedule of cash flows information from discontinued operations:			
Interest paid	7,448	\$ 1,710	\$ 839
Income taxes paid	\$ -	\$ 254	\$ 8
Schedule of non-cash activities from continuing operations:			
Contingent consideration	\$ -	\$ 20,849	\$ -
Increase in equity method investments through the settlement of amount due from a related party	-	600	-
Receivable from disposition of Renren SNS	60,000	-	-
Acquisition of entity through settlement of loan to a related party	\$ -	\$ -	\$ 40,000
Schedule of non-cash activities from discontinued operations:			
Contingent consideration	\$ 14,113	\$ -	\$ -
Beneficial conversion feature of a convertible loan issued by Kaixin	-	2,128	-
Conversion of convertible loans issued by Kaixin to KAH's ordinary shares, including interest of \$219	-	21,219	-

Acquisition of noncontrolling interest	-	1,512	-
Net assets disposal of a dealership	-	62	-
Net liabilities acquired in the reverse recapitalization, excluding cash acquired	-	5,053	-
Acquisition of business settled by forgiveness of financing receivable	(18,345)	-	-
Amount due to related party converted to ordinary shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,213)</u>

In addition to the above, during the year ended December 31, 2018, the Company had \$60 million and \$500 million of non-cash activities related to the disposal of the Company's SNS Business and Oak Pacific Investment ("OPI"). See Note 4.

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

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(In thousands of US dollars, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Renren Inc. was incorporated in the Cayman Islands. Renren Inc, its consolidated subsidiaries, variable interest entities ("VIEs") and VIEs' subsidiaries (collectively referred to as the "Company") are engaged in the SaaS business, which includes all-in-one real estate solution provider and a large community for the trucking industry in the United States.

Prior to 2019, the Company was primarily engaged in the business of used car trading. Prior to 2018, the Company was also engaged in the operation of its social networking internet platform ("SNS") through which it provided online advertising services and internet value-added services ("IVAS") as well as the operation of a financial services platform to provide internet finance services. During the year ended December 31, 2018, the Company disposed of its SNS business as well as of OPI as further described below. Additionally, during the year ended December 31, 2020, the Company reached a resolution to dispose of Kaixin Auto Holdings ("Kaixin").

Disposal of Oak Pacific Investment ("OPI")

On April 30, 2018, the Company announced a series of transactions that included a cash dividend by the Company and a private placement by its subsidiary OPI, which was 100% held by the Company before the disposal. The OPI transaction was undertaken to reduce the number and aggregate size of the Company's long-term investments. At the time of the disposal, OPI held the Company's ZenZone advertising agency business as well as the majority of the Company's long-term investments. The private placement closed on June 21, 2018 and the Company completed the payment of the special cash dividend shortly thereafter. As a result, the Company disposed all shares of OPI and deconsolidated OPI on June 21, 2018. The disposal of OPI represented a strategic shift and had a major effect on the Company's results of operations. Accordingly, revenues and expenses and cash flows related to OPI have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. The consolidated statements of operations and consolidated statements of cash flows for the year ended December 31, 2018 have been adjusted to reflect this change (See Note 4)

Disposal of SNS business

In December 2018, the Company disposed all of its tangible and intangibles assets related to www.renren.com and its related SNS business. The disposal of its SNS business represented a strategic shift and had a major effect on the Company's results of operations. Accordingly, revenues and expenses and cash flows related to the SNS business have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. The consolidated statements of operations and consolidated statements of cash flows for the years ended December 31, 2018 have been adjusted to reflect this change (See Note 4).

Disposal of Kaixin Auto Holdings

In December 2020, the Company approved the binding term sheet signed between Kaixin and Haitaoche Limited ("Haitaoche"). The binding term sheet sets forth the terms and conditions by which Haitaoche will merge with a newly formed wholly-owned subsidiary of Kaixin, with Haitaoche continuing as the surviving entity and a wholly-owned subsidiary of Kaixin (the "Merger"). As consideration for the Merger, Kaixin will issue a number of ordinary shares of Kaixin to the shareholders of Haitaoche (the "Haitaoche Shareholders") so that the Haitaoche Shareholders will collectively hold 51% of Kaixin's share capital upon the closing of the Merger. The disposal of Kaixin represents a strategic shift and has a major effect on the Company's result of operations. Accordingly, assets, liabilities, revenues and expenses and cash flows related to Kaixin have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. The consolidated balance sheets as of December 31, 2019 and 2020, consolidated statements of operations and consolidated statements of cash flows for the years ended December 31, 2018, 2019 and 2020 have been adjusted to reflect this change (See Note 4)

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(In thousands of US dollars, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

As of December 31, 2020, Renren Inc.'s major subsidiaries, VIEs and VIEs' subsidiaries are as follows:

Name of Subsidiaries	Later of date of incorporation or acquisition	Place of incorporation	Percentage of legal ownership by Renren Inc.	Principal activities
<i>Subsidiaries:</i>				
Chime Technologies, Inc. ("Chime")	September 7, 2012	USA	100%	SaaS business
Trucker Path, Inc. ("Trucker Path")	December 28, 2017	USA	100%	Internet business
Lucrative Inc.	January 22, 2018	USA	100%	SaaS business
Lofty US, Inc.	December 21, 2018	USA	100%	SaaS business
Renren Giantly Philippines Inc.	March, 2018	Philippines	100%	SaaS business
Qianxiang Shiji Technology Development (Beijing) Co., Ltd. ("Qianxiang Shiji")	March 21, 2005	PRC	100%	Investment holding
<i>Variable Interest Entities:</i>				
Beijing Qianxiang Tiancheng Technology Development Co., Ltd. ("Qianxiang Tiancheng")	October 28, 2002	PRC	N/A	Internet business
<i>Subsidiaries of Variable Interest Entities:</i>				
Beijing Qianxiang Wangjing Technology Development Co., Ltd. ("Qianxiang Wangjing")	November 11, 2008	PRC	N/A	Internet business

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(In thousands of US dollars, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangements

PRC regulations currently limit direct foreign ownership of business entities providing automobile sales, value-added telecommunications services, online advertising services and internet services in the PRC where certain licenses are required for the provision of such services. Historically, the Company provided online advertising, IVAS and internet finance services through the VIE, Qianxiang Tiancheng. Qianxiang Tiancheng is referred to as the “VIE”.

Qianxiang Shiji (“WFOE”), entered into a series of contractual arrangements with the VIE that enable the Company to (1) have power to direct the activities that most significantly affects the economic performance of the VIE, and (2) receive the economic benefits of the VIE that could be significant to the VIE. Accordingly, the WFOE is considered the primary beneficiary of the VIE and has consolidated the VIE’s financial results of operations, assets and liabilities in the Company’s consolidated financial statements. In making the conclusion that the Company is the primary beneficiary of the VIEs, the Company believes the Company’s rights under the terms of the exclusive option agreement and power of attorney are substantive given the substantive participating rights held by SB Pan Pacific Corporation as it relates to operating matters, which provide it with a substantive kick out right.

More specifically, the Company believes the terms of the contractual agreements are valid, binding and enforceable under PRC laws and regulations currently in effect. In particular, the Company also believes that the minimum amount of consideration permitted by the applicable PRC law to exercise the exclusive option does not represent a financial barrier or disincentive for the Company to currently exercise its rights under the exclusive option agreement. A simple majority vote of the Company’s board of directors is required to pass a resolution to exercise the Company’s rights under the exclusive option agreement, for which the consent from Mr. Joe Chen, who holds the most voting interests in the Company and is also the Company’s chairman and CEO, is not required. The Company’s rights under the exclusive option agreement give the Company the power to control the shareholders of the VIE and thus the power to direct the activities that most significantly impact the VIE’s economic performance. In addition, the Company’s rights under the powers of attorney also reinforce the Company’s abilities to direct the activities that most significantly impact the VIE’s economic performance. The Company also believes that this ability to exercise control ensures that the VIE will continue to execute and renew service agreements and pay service fees to the Company. By charging service fees at the sole discretion of the Company, and by ensuring that service agreements are executed and renewed indefinitely, the Company has the rights to receive substantially all of the economic benefits from the VIE.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(In thousands of US dollars, except share data and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangements - continued

The VIE and its subsidiaries hold the requisite licenses and permits necessary to conduct the Company's business under the current business arrangements.

The contractual agreements below provide the Company with the power to direct the activities that most significantly affect the economic performance of the VIE and enable the Company to receive substantially all of economic benefits and absorb the losses of the VIE.

(1) *Power of Attorney*: WFOE hold irrevocable power of attorney executed by the legal owners of the VIE to exercise their voting rights on, including but not limited to dividend declaration, all matters at meetings of the legal owners of the VIE and through such power of attorney has the right to control the operations of the VIE. The power of attorney for Qianxiang Tiancheng will remain in force for ten years until December 22, 2020, and will be automatically renewed upon the extension of the terms of the relevant business operations agreements until the earlier of the following events: (i) nominee loses his/her position in Qianxiang Shiji or Qianxiang Shiji issue a written notice to dismiss or replace nominee; and (ii) the business operations agreements among Qianxiang Shiji, Qianxiang Tiancheng and Qianxiang Tiancheng's shareholders terminate or expire. The VIE agreements were extended for another ten years since December 22, 2020.

(2) *Business Operations Agreement*: The business operations agreements specifically and explicitly grant WFOE the principal operating decision making rights, such as appointment of the directors and executive management, of the VIEs.

The terms of the business operations agreements for Qianxiang Tiancheng are ten years and will be extended automatically for another ten years unless the WFOE provide a 30-day advance written notice to the VIE and to each of the VIE's shareholders requesting not to extend the term three months prior to the expiration dates of December 22, 2020. The agreements were extended for another ten years since December 22, 2020. Neither the VIE nor any of the VIE's shareholders may terminate the agreements during the terms or the extensions of the terms.

(3) *Exclusive Equity Option Agreement*: Under the exclusive equity option agreement, the WFOE have the exclusive right to purchase the equity interests of the VIE from the registered legal equity owners as far as PRC regulations permit a transfer of legal ownership to foreign ownership. The WFOE can exercise the purchase right at any portion and any time in the 10-year agreement period.

Without the WFOE's consent, the VIE's shareholders shall not transfer, donate, pledge, or otherwise dispose their equity shareholdings in the VIE in any way. The equity option agreement will remain in full force and effect until the earlier of: (i) the date on which all of the equity interests in the VIE have been acquired by the respective WFOE or its designated representative(s); or (ii) the receipt of the 30-day advance written termination notice issued by the respective WFOE to the shareholders of the VIE. The term of these agreements will be automatically renewed upon the extension of the term of the relevant exclusive equity option agreement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangements - continued

- (5) *Exclusive Technical and Consulting Services Agreement:* The WFOE and registered shareholders irrevocably agree that the WFOE shall be the exclusive technology service provider to the VIE in return for a service fee which is determined at the sole discretion of the WFOE.

The term of each of agreement is ten years and will be extended automatically for another ten years unless terminated by the WFOE. The WFOE can terminate the agreement at any time by providing a 30-day prior written notice. Qianxiang Tiancheng is not permitted to terminate the agreements prior to the expiration of the terms by December 22, 2020, unless the WFOE fail to comply with any of their obligations under this agreement and such breach makes the WFOE unable to continue to perform the agreements. The VIE agreement was extended for another ten years since December 22, 2020.

- (6) *Intellectual Property License Agreement:* The WFOE and registered shareholders agree that the WFOE shall have the exclusive right to license its intellectual property rights to the VIE in return for a license fee. The license fee is determined at the discretion of the Company. The term of these agreements will be automatically renewed upon the extension of the term of the relevant intellectual property license agreement.

The term of the agreement will be extended for another five years with both parties' consents. The WFOE may terminate the agreement at any time by providing a 30-day prior written notice. Any party may terminate the agreement immediately with written notice to the other party if the other party materially breaches the relevant agreement and fails to cure its breach within 30 days from the date it receives the written notice specifying its breach from the non-breaching party. The parties will review the agreement every three months and determine if any amendment is needed.

- (7) *Loan Agreements:* Under loan agreements between the WFOE and each of the shareholders of the VIE, the WFOE made interest-free loans to the shareholders exclusively for the purpose of the initial capitalization and the subsequent financial needs of the VIE. The loans can only be repaid with the proceeds derived from the sale of all of the equity interests in the VIE to the WFOE or their designated representatives pursuant to the equity option agreements. The term of each of these loans is ten years from the actual drawing down of such loans by the shareholders of the VIE, and will be automatically extended for another ten years unless a written notice to the contrary is given by the WFOE to the shareholders of the VIE three months prior to the expiration of the loan agreements.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangements - continued

- (8) *Equity Interest Pledge Agreement*: Shareholders of the VIE have pledged all of their equity interests in the VIE with their respective WFOE and the WFOE are entitled to certain rights to sell the pledged equity interests through auction or other means if the VIE or the shareholders default in their obligations under other above-stated agreements.

These agreements are substantially the same, and that the equity interest pledge has become effective and will expire on the earlier of: (i) the date on which the VIE and their shareholders have fully performed their obligations under the loan agreements, the exclusive technical service agreement, the intellectual property right license agreement and the equity option agreements; (ii) the enforcement of the pledge by the WFOE pursuant to the terms and conditions under this agreement to fully satisfy its rights under such agreements; or (iii) the completion of the transfer of all equity interests of the VIE by the shareholders of the VIE to another individual or legal entity designated by the WFOE pursuant to the equity option agreement and no equity interests of the VIE are held by such shareholders.

Risks in relation to the VIE structure

The Company and the Company's legal counsel believe that Qianxiang Shiji's contractual arrangements with the VIE are in compliance with PRC law and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements. If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government could:

- Revoke the business and operating licenses of the WFOE, the VIE and their subsidiaries;
- Discontinue or restrict the operations of any related-party transactions among the WFOE, the VIE and their subsidiaries;
- Impose fines or other requirements on the WFOE, the VIE and their subsidiaries;
- Require the WFOE, the VIE and their subsidiaries to revise the relevant ownership structure or restructure operations; and/or
- Restrict or prohibit the Company's use of the proceeds of the additional public offering to finance the Company's business and operations in China.

RENREN INC.

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangements - continued

The Company's ability to conduct its used car trading business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Company may not be able to consolidate the VIE and the VIE's subsidiaries in its consolidated financial statements as it may lose the ability to exert effective control over the VIEs and the VIE's subsidiaries and shareholders, and it may lose the ability to receive economic benefits from the VIE and the VIE's subsidiaries.

Certain shareholders of the VIE are also shareholders of the Company. The interests of the shareholders of the VIE may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing the VIE not to pay the service fees when required to do so. The Company cannot assure that when conflicts of interest arise, shareholders of the VIE will act in the best interests of the Company or that conflicts of interests will be resolved in the Company's favor. Currently, the Company does not have existing arrangements to address potential conflicts of interest the shareholders of the VIE may encounter in their capacity as beneficial owners and directors of the VIE. The Company believes the shareholders of the VIE will not act contrary to any of the contractual arrangements and the exclusive option agreements provide the Company with a mechanism to remove the current shareholders of the VIE as beneficial shareholders of the VIE should they act to the detriment of the Company. The Company relies on the current shareholders of VIE whom also are directors and executive officers of the Company, to fulfill their fiduciary duties and abide by laws of Cayman Islands and act in the best interest of the Company or that conflicts will be resolved in the Company's favor. If the Company cannot resolve any conflicts of interest or disputes between the Company and the shareholders of the VIE, the Company would have to rely on legal proceedings, which could result in disruption of its business, and there is substantial uncertainty as to the outcome of any such legal proceedings.

The Company's ability to control the VIE also depends on the power of attorney that the WFOE have to vote on all matters requiring shareholder approval in the VIE. As noted above, the Company believes this power of attorney is legally enforceable but may not be as effective as direct equity ownership.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangements - continued

The following financial statement balances and amounts of the Company's VIEs were included in the accompanying consolidated financial statements after elimination of intercompany balances and transactions between the offshore companies, WFOE, VIE and VIE's subsidiaries. As of December 31, 2019 and 2020, the balance of the amounts payable by the VIE and their subsidiaries to the WFOE related to the service fees were \$ nil.

	As of December 31,	
	2019	2020
Cash and cash equivalents	\$ 264	\$ 955
Short-term investment	1,436	-
Accounts receivable, net	218	175
Prepaid expenses and other current assets	1,537	647
Amounts due from related parties	688	764
Total current assets	4,143	2,541
Property and equipment, net	183	178
Long-term investments	1,799	41,794
Goodwill	-	-
Amount due from a related party – non-current	40,000	-
Restricted cash – non-current	358	-
Right-of-use assets	1,122	659
Other non-current assets	660	76
Total non-current assets	44,122	42,707
Total assets	\$ 48,265	\$ 45,248
Accounts payable	\$ 413	\$ 299
Short-term debt (including short-term debt of the consolidated VIEs with recourse to Renren Inc. of \$7,900 as of December 31, 2019)	3,447	-
Accrued expenses and other current liabilities	7,467	6,409
Operating lease liabilities – current	217	341
Payable to investors	14	15
Amounts due to related parties	774	690
Deferred revenue	15	16
Income tax payable	4,647	3,321
Total current liabilities	16,994	11,091
Operating lease liabilities - non-current	-	256
Total non-current liabilities	-	256
Total liabilities	\$ 16,994	\$ 11,347

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangements - continued

	Years ended December 31,		
	2018	2019	2020
Revenues	\$ 57,896	\$ 6,581	\$ 433
(Loss) income from continuing operations	\$ (43,743)	\$ (31,953)	\$ 1,874
Loss from discontinued operations	\$ (4,626)	\$ -	\$ -

	Years ended December 31,		
	2018	2019	2020
Net cash (used in) provided by operating activities	\$ (5,970)	\$ (1,170)	\$ 2,031
Net cash (used in) provided by investing activities	\$ (1,461)	\$ 8,735	\$ 1,566
Net cash provided by (used in) financing activities	\$ 4,825	\$ (10,340)	\$ (3,088)

The VIEs contributed an aggregate of 86.7%, 43.6% and 2.4% of the consolidated revenues for the years ended December 31, 2018, 2019 and 2020, respectively. As of December 31, 2019 and 2020, the VIEs accounted for an aggregate of 22.6% and 21.3%, respectively, of the consolidated total assets, and 20.0% and 14.4%, respectively, of the consolidated total liabilities. The assets not associated with the VIEs primarily consist of cash and cash equivalents, restricted cash, amounts due from related parties - non-current, and long-term investments.

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 19 for disclosure of restricted net assets.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

(b) Liquidity

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

For the years ended December 31, 2020, 2019 and 2018, the Company incurred a loss from operations of \$27,227, \$57,407 and \$79,327, and used cash of \$11,724, \$28,402 and \$82,966 in operating activities, respectively. As of December 31, 2020, the Company had working capital of \$7,844. In January 2021, the Company received a payment of approximately \$68,000 from OPI, a related party of the Company, for the principal and interests of a promissory note issued on June 21, 2018.

Including this payment, the Company has the ability to continue as a going concern for the next 12 months following the issuance date of these financial statements.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(c) Principles of consolidation

The consolidated financial statements of the Company include the financial statements of Renren Inc., its subsidiaries, its VIE and VIE's subsidiaries. All inter-company transactions and balances are eliminated upon consolidation.

(d) 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 doubtful accounts, write downs for excess and obsolete inventories, the discount rate used to determine the present value of the lease payments, the fair value of share-based compensation awards, the realization of deferred income tax assets, impairment of goodwill and indefinite-lived intangible assets, fair value of short-term and long-term investments, impairment of long-term investments, and the price purchase allocation and the fair value of contingent consideration for business acquisitions.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and all highly liquid investments purchased with original stated maturity of 90 days or less.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) *Restricted cash*

Restricted cash consists of cash deposits used to secure debt borrowings of the Company which is expected to be released in accordance with the debt agreement.

The restriction will lapse when the related debt agreement is paid off. The current portion of restricted cash represents cash deposited into bank accounts which is expected to be released within the next twelve months. The non-current portion of restricted cash represents cash deposited into bank accounts which is not expected to be released within the next twelve months.

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,283	\$ 19,630
Restricted cash	13,091	14,457
Restricted cash – non-current	358	-
Total cash, cash equivalents and restricted cash shown in the statements of cash flow	<u>\$ 14,732</u>	<u>\$ 34,087</u>

(g) *Fair value*

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1-inputs are based upon unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2-inputs are based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3-inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

(h) *Investments*

Equity method investments

Equity investment in common stock or in-substance common stock of an entity where the Company can exercise significant influence, but not control, is accounted for using the equity method. Significant influence is generally considered to exist when the Company has an ownership interest in the voting stock of the investee between 20% and 50%. Other factors, such as representation on the investee's board of directors, voting rights and the impact of commercial arrangements are also considered in determining whether the equity method of accounting is appropriate. An investment in in-substance common stock is an investment in an entity that has risk and reward characteristics that are substantially similar to that entity's common stock. The Company considers subordination, risks and rewards of ownership and obligation to transfer value when determining whether an investment in an entity is substantially similar to an investment in that entity's common stock.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(h) *Investments* – continued

Equity method investments - continued

Under the equity method, the investment is initially recorded at cost and adjusted for the Company's share of undistributed earnings or losses of the investee. Investment losses are recognized until the investment is fully written down as the Company does not guarantee the investee's obligations nor it is committed to provide additional funding.

When the Company's carrying value in an equity method affiliated company is reduced to zero, no further losses are recorded in the Company's consolidated financial statements unless the Company guaranteed obligations of the affiliated company or has committed additional funding. When the affiliated company subsequently reports income, the Company will not record its share of such income until it exceeds the amount of its share of losses not previously recognized.

The Company's management regularly evaluates the impairment of the equity investment based on performance and the financial position of the investee as well as other evidence of market value. Such evaluation includes, but is not limited to, reviewing the investee's cash position, recent financings, projected and historical financial performance, cash flow forecasts and financing needs. An impairment charge is recorded when the carrying amount of the investment exceeds its fair value and this condition is determined to be other-than-temporary ("OTTI"). The Company recorded impairment losses on equity method investments of \$nil, \$6,155 and \$nil in the earnings (loss) in equity method investments, net of tax in the consolidated statements of operations for the years ended December 31, 2018, 2019 and 2020, respectively.

Equity Investments without Readily Determinable Fair Values

In January 2018, the Company adopted Accounting Standards Update ("ASU") 2016-01, Financial Instruments—Recognition and Measurement of Financial Assets and Financial Liabilities, and accounts for equity investments that do not have a readily determinable fair value using the measurement alternative prescribed within ASU 2016-01, to the extent such investments are not subject to consolidation or the equity method. Under the measurement alternative, these financial instruments are carried at cost, less any impairment (assessed quarterly), plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. In addition, income is recognized when dividends are received only to the extent they are distributed from net accumulated earnings of the investee. Otherwise, such distributions are considered returns of investment and are recorded as a reduction of the cost of the investment. The Company did not record impairment losses on equity securities without readily determinable fair values during the years ended December 31, 2018, 2019 and 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(h) Investments – continued

Equity Investments with Readily Determinable Fair Values

All equity investments with readily determinable fair values (other than those accounted for using the equity method of accounting) are measured at fair value with changes in fair value recorded in the consolidated statements of operations.

Available-for-sale investment

For investments which are determined to be debt securities, the Company accounts for them as available-for-sale investments when they are not classified as either trading or held-to-maturity investments.

Available-for-sale investment is carried at its fair value and the unrealized gains or losses from the changes in fair values are included in accumulated other comprehensive (loss) income.

The Company reviews its available-for-sale investments for other than temporary impairment based on the specific identification method. The Company considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds the investment's fair value, the Company considers, among other factors, general market conditions, government economic plans, the duration and the extent to which the fair value of the investment is less than the cost, the Company's intent and ability to hold the investment, and the financial condition and near term prospects of the investees.

If there is OTTI on debt securities, the Company separates the amount of the OTTI into the amount that is credit related (credit loss component) and the amount due to all other factors. The credit loss component is recognized in earnings, which represents the difference between a security's amortized cost basis and the discounted present value of expected future cash flows. The amount due to other factors is recognized in other comprehensive (loss) income if the entity neither intends to sell and will not more likely than not be required to sell the security before recovery before December 15, 2019. The difference between the amortized cost basis and the cash flows expected to be collected is accreted as interest income. After December 15, 2019, unrealized gains and losses (OTTI) are reported, net of the related tax effect, in other comprehensive income (OCI). Upon sale, realized gains and losses are reported in net income. The Company monitors the investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information. The Company recorded impairment losses on its available-for-sale investment of \$nil, \$2,000 and \$nil for the years ended December 31, 2018, 2019 and 2020, respectively.

(i) Accounts receivable and allowance for doubtful accounts

Accounts receivable represents those receivables derived in the ordinary course of business. An allowance for doubtful accounts is provided based on aging analyses of accounts receivable balances, historical bad debt rates, repayment patterns and customer credit worthiness.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(j) Inventory

Inventory primarily consists of the purchased electronic logging device for use of SaaS related business, which are stated at the lower of cost and net realizable value as of December 31, 2019 and 2020.

For electronic logging device, a valuation allowance is recorded to write down the cost of inventories to the estimated net realizable value, if lower, due to slow-moving or damaged products, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. Net realizable value is determined by the estimated selling prices offset by estimated additional cost of sale, selling expenses and business taxes. There was no valuation allowance provided for the inventory of continued operation as of December 31, 2020 and 2019.

Prior to the disposal of the Ji'nan Dealership in 2018, the Company had used car inventory.

In August 2018, Shandong Jieying Huaqi Auto Service Co. ("Ji'nan Dealership", a subsidiary of the Company's VIE's) received a notice from the local police regarding an investigation of the dealership's premises. Certain assets of Ji'nan Dealership were not accessible pursuant to the investigation. In connection with these events, the Company determined that it is probable that it cannot enforce the realization of the inventory value at the Ji'nan Dealership. As a result, the Company wrote off all inventory which totaled US\$5.7 million and recorded it in cost of revenues during the year ended December 31, 2018.

In 2019, due to disagreements with certain non-controlling shareholders of Kaixin on operational matters, some non-controlling shareholders detained Kaixin's inventories in the dealerships and significant uncertainty arises on the realizability and collectability of the prepayments to purchase used cars for these dealerships and amounts due from these non-controlling shareholders. Kaixin is in the process of negotiating with these non-controlling shareholders and initiated legal proceedings where necessary. Considering the above facts and circumstances, Kaixin reassessed the realizability of all its inventory and assets related to its dealerships and wrote down US\$17,826 inventory, which was recorded in cost of revenues in the discontinued operations, and write-offs of US\$22,282 prepayments, which was recorded in general and administrative expenses in discontinued operations.

(k) Property and equipment, net

Property and equipment, net is carried at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Server & Network Equipment	3 years
Computer equipment and application software	2-3 years
Furniture and vehicles	3-5 years
Leasehold improvements	Over the lesser of the lease term or useful life of the assets

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(l) Leases

The Company leases premises for offices under non-cancellable operating leases. Prior to January 1, 2019, operating leases were not recognized on the balance sheet of the Company, but payments made under operating lease were charged to the consolidated statements of operations on a straight-line basis over the term of underlying lease. Leases with escalated rent provisions were recognized on a straight-line basis commencing with the beginning of the lease term. There is no capital improvement funding, lease concessions or contingent rent in the lease agreements. The Company has no legal or contractual asset retirement obligations at the end of the lease term.

The Company adopted Accounting Standards Codification Topic 842, Leases (“ASC 842”) as of January 1, 2019, using a modified retrospective method for leases that exist at, or are entered into after, January 1, 2019, and has not recast the comparative periods presented in the consolidated financial statements. The adoption of ASC 842 requires the recognition of right-of-use assets and lease liabilities on the balance sheet for both operating and finance leases. The Company elected the package of practical expedients that not to reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases, and (3) initial direct costs for any expired or existing leases. The Company also elected the hindsight practical expedient to determine the reasonably certain lease term for existing leases. Upon the adoption of ASC 842, the Company recognized the right-of-use assets and lease liabilities of approximately US\$3,441 and US\$2,429, respectively, as of January 1, 2019. The Company used its estimated incremental borrowing rates based on information available at the date of adoption in calculating the present value of its existing lease payments. The following table summarizes the effect on the consolidated balance sheet as a result of adopting ASC 842.

	As of December 31, 2018	Effect of Adoption	As of January 1, 2019
Right-of-use assets	\$ -	\$ 3,441	\$ 3,441
Operating lease liabilities - current	-	(1,529)	(1,529)
Operating lease liabilities – non-current	-	(899)	(899)
Prepaid expenses and other current assets	10,801	(1,013)	9,788
Accrued expenses and other current liabilities	(22,411)	-	(22,411)

Upon adoption of ASC 842, the lease liabilities are recognized upon lease commencement for operating leases based on the present value of lease payments over the lease term. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. As the rates implicit in the lease cannot be readily determined, the incremental borrowing rates at the lease commencement date are used in determining the imputed interest and present value of lease payments. The incremental borrowing rates were determined using a portfolio approach based on the rates of interest that the Company would have to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company recognizes the single lease cost on a straight-line basis over the remaining lease term for operating leases.

The Company has elected not to recognize right-of-use assets or lease liabilities for leases with an initial term of 12 months or less; expenses for these leases are recognized on a straight-line basis over the lease term.

(m) Impairment of long-lived assets and intangible assets with definite lives

Long-lived assets, such as property and equipment and definite-lived intangible assets are stated at cost less accumulated depreciation or amortization. Depreciation and amortization is computed using the straight-line method.

The Company evaluates the recoverability of long-lived assets, including identifiable intangible assets, with determinable useful lives whenever events or changes in circumstances indicate that an intangible asset’s carrying amount may not be recoverable. The Company measures the carrying amount of long-lived asset against the estimated undiscounted future cash flows associated with it. Impairment exists when the sum of the expected undiscounted future net cash flows is less than the carrying value of the asset being evaluated. Impairment loss is calculated as the amount by which the carrying value of the asset exceeds its fair value. Fair value is estimated based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. For the years ended December 31, 2018, 2019 and 2020, the Company recorded impairment losses of \$675, \$nil and \$nil for definite-lived intangible assets, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(n) 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 annually, or more frequently if event and circumstances indicate that they might be impaired. The Company 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, the Company 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.

The Company has adopted Accounting Standards Update ("ASU") 2017-04, Simplifying the Test for Goodwill Impairment, for annual goodwill impairment tests from January 1, 2019. This guidance removes Step 2 of the goodwill impairment test, which required the estimation of an implied fair value of goodwill in the same manner as the calculation of goodwill upon a business combination. Under the new amendments, the Company's goodwill impairment review involves the following steps: 1) qualitative assessment – evaluate qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The factors the Company considers include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, financial performance or events-specific to that reporting unit. If or when the Company determines it is more likely than not that the fair value of a reporting unit is less than the carrying amount, including goodwill, the Company would move to the quantitative method; 2) quantitative method –the Company performs the quantitative fair value test by comparing the fair value of a reporting unit with its carrying amount and an impairment charge is measured as 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.

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 the income approach. 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 the Company's business, estimation of the long-term rate of growth for the Company's business, estimation of the useful life over which cash flows will occur, and determination of the Company's 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.

The Company recorded goodwill impairment from continued operations of \$29,055, \$9,288 and \$nil, and \$nil, \$74,091 and \$nil from discontinued operations for the years ended December 31, 2018, 2019 and 2020, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(o) Revenue recognition

The Company recognizes revenue when control of the good or service has been transferred to the customer, generally 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 revenues and cost of revenues. The Company generally expenses sales commissions when incurred because the amortization period is 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.

The Company 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 the Company historically recognized revenue, the adoption of ASC 606 did not have a material impact on the amount or timing of its revenue recognition and the Company recorded no cumulative effect adjustment upon adoption. Additionally, the Company concluded that revenue generated from internet finance 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.

The Company’s revenues include revenue from its automobile sales, SaaS business as well as revenue from other services.

Automobile sales

The Company purchases automobiles from unrelated individuals, third party dealerships or manufacturers and suppliers and sells them directly to its customers through the Ji’nan Dealership. 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 whereby customers pick up the vehicles from the dealership. The Company recognizes revenue at the agreed upon purchase price stated in the contract. The Company ceased selling vehicles in 2018.

SaaS revenue

The SaaS revenue mainly include the revenue generated from the subscription services and advertising services provided by 1) the all-in-one real estate solution provider, Chime and 2) a transportation network company specializing in online and mobile services for the trucking industry, Trucker Path. The Company recognizes revenue for subscription services over the subscription periods. For Chime’s advertising service, the Company acts as an agent to place advertisement on the third-party website or platforms. For Trucker Path’s advertising service, the Company acts as principal to place advertisement on Trucker Path’s APP. The Company recognizes revenue for advertising services over the advertising periods.

Other services

Other services mainly include IVAS revenues and other revenues.

The Company’s IVAS revenues mainly include live streaming revenue. The Company designs, creates and offers various virtual items for sales to users with pre-determined stand-alone selling price. Revenue related to each of consumable virtual items as a single performance obligation provided on a consumption basis, is recognized at the point in time when the virtual item is transferred directly to the users and consumed by them. The Company ceased the live streaming business since June 2019.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(o) Revenue recognition – continued

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represents amounts invoiced and revenue recognized prior to invoicing when the Company has satisfied the Company's performance obligation and has the unconditional right to payment. The balance of accounts receivable, net of allowance for doubtful accounts were \$430 and \$474 as of December 31, 2019 and 2020, respectively. There were no contract assets recorded as of December 31, 2019 and 2020.

Deferred revenue mainly consists of payments received from customers related to unsatisfied performance obligations for SaaS and IVAS business. The Company's total deferred revenue was \$740 and \$602 as of December 31, 2019 and 2020, which is expected to be recognized as revenue within one year.

The Company applied a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include certain commissions paid to intermediaries of automobile sales. The Company has no material incremental costs of obtaining contracts with customers that the Company expects the benefit of those costs to be longer than one year which need to be recognized as assets.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(p) Cost of revenues

Cost of revenues consists of costs directly related to SaaS business, IVAS business and others service.

(q) Value added taxes

Value-added taxes ("VAT") is also reported as a deduction to revenue when incurred and amounted to \$4,949, \$1,034 and \$599 for the years ended December 31, 2018, 2019 and 2020, 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(r) Income taxes

Current income taxes are provided for in accordance with the laws of the relevant tax authorities.

Deferred income taxes are recognized when temporary differences exist between the tax basis of assets and liabilities and their reported amounts in the financial statements and are recorded as non-current in the consolidated balance sheet. Net operating loss carry forwards and credits are applied using enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more-likely-than-not that a portion of or all of the deferred tax assets will not be realized.

The impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes. The Company did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the years ended December 31, 2018, 2019 and 2020, respectively.

(s) Financial instruments

Financial instruments include cash and cash equivalents, restricted cash, accounts receivable, short-term investments, long-term investments, amounts due from/to related parties, accounts payable, short-term debt, payable to investors and long-term debt.

(t) Research and development expenses

Research and development expenses are primarily incurred for development of new services, features and products for the Company's SaaS business, as well as to further improve the Company's technology infrastructure to support these businesses. The Company has expensed all research and development costs when incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(u) Foreign currency translation

The functional and reporting currency of the Company is the United States dollar ("US dollar"). The financial records of the Company's subsidiaries and VIEs located in the PRC, Hong Kong and Philippines are maintained in their local currencies, Renminbi ("RMB"), Hong Kong Dollar ("HKD") and Philippines Peso ("PHP"), respectively, which are also the functional currencies of these entities.

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.

The Company's entities with functional currency of RMB, HKD and PHP, translate their operating results and financial positions into US dollar, the Company's reporting currency. Assets and liabilities are translated using the exchange rates in effect on the balance sheet date. Equity amounts are translated at historical exchange rates. Revenues, expenses, gains and losses are translated using the average rates for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as accumulated other comprehensive income (loss).

(v) Comprehensive (loss) income

Comprehensive (loss) income includes net (loss) income, foreign currency translation adjustments and fair value changes of available-for-sale investments of the Company. Additionally, the Company's consolidated statement of comprehensive (loss) income also includes the cumulative effect adjustment for the net unrealized loss of equity securities with determinable fair value from accumulated other comprehensive income to the opening balance of accumulated deficit related to the adoption of ASU 2016-01.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(w) Share-based compensation

Share-based payment transactions with employees, such as share options are measured based on the grant date fair value of the equity instrument. The Company recognizes the compensation costs net of estimated forfeitures using the straight-line method, over the applicable vesting period. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of stock compensation expense to be recognized in future periods. Share options granted to employees with market conditions attached are measured at fair value on the grant date and are recognized as the compensation costs over the estimated requisite service period, regardless of whether the market condition has been met.

A change in any of the terms or conditions of share options is accounted for as a modification of stock options. The Company calculates the incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified, measured based on the share price and other pertinent factors at the modification date. For vested options, the Company recognizes incremental compensation cost in the period the modification occurred. For unvested options, the Company recognizes, over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award on the modification date.

(x) (Loss) income per share

Basic (loss) income per ordinary share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted (loss) income per ordinary share reflect the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Company had stock options, non-vested restricted shares and contingent consideration, which could potentially dilute basic earnings per share in the future. Potential ordinary shares in the diluted net loss per share computation are excluded in periods of losses from continuing operations as their effect would be anti-diluted.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(v) Recent accounting pronouncements not yet adopted

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, “Financial Instruments - Credit Losses (Topic 326)” (“ASU 2016-13”). ASU 2016-13 revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. In November 2019, FASB issued ASU 2019-10, “Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842).” This ASU defers the effective date of ASU 2016-13 for public companies that are considered smaller reporting companies as defined by the SEC to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is planning to adopt this standard beginning on January 1, 2023. The Company is currently evaluating the potential effects of adopting the provisions of ASU No. 2016-13 on its combined and consolidated financial statements, particularly its recognition of allowances for accounts receivable.

In January 2020, the FASB issued ASU No. 2020-01, Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)-Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force) (“ASU 2020-01”), which clarifies the interactions of the accounting for certain equity securities under ASC 321, investments accounted for under the equity method of accounting in ASC 323, and the accounting for certain forward contracts and purchased options accounted for under ASC 815. ASU 2020-01 could change how an entity accounts for (i) an equity security under the measurement alternative and (ii) a forward contract or purchased option to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the fair value option in accordance with ASC 825. These amendments improve current U.S. GAAP by reducing diversity in practice and increasing comparability of the accounting for these interactions. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 31, 2020. Early adoption is permitted. The Company will adopt the new standard effective January 1, 2021 and does not expect the adoption to have a material impact on the consolidated financial statements.

Recently issued ASUs by the FASB, except for the ones mentioned above, have no material impact on the Company's consolidated results of operations or financial position.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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3. SIGNIFICANT RISKS AND UNCERTAINTIES

Foreign currency risk

The 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 \$315 and \$3,418 at December 31, 2019 and 2020, respectively, which were denominated in RMB. All restricted cash and restricted cash-non-current as of December 31, 2020 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, restricted cash, short-term investments, accounts receivable, and amounts due from related parties. The Company places their cash, cash equivalents, restricted cash, and short-term investments, with financial institutions with high-credit ratings and quality.

There were no customers that accounted for 10% or more of total revenue for the years ended December 31, 2018, 2019 and 2020.

No customers accounted for 10% or more of the balance of accounts receivable as of December 31, 2019 and 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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4. DISCONTINUED OPERATIONS

Disposition of Renren SNS

In November 2018, the Company's Board of Directors approved a proposal of sale of its SNS Business which comprise of www.renren.com and its social networking service business which includes the Company's SNS platform as well as its mobile live streaming to Beijing Infinities for a combined consideration of US\$20 million in cash and US\$40 million in the form of Beijing Infinities shares to be issued to the Company. The disposal was completed on December 29, 2018 and as a result, the Company deconsolidated its SNS Business on that date. The Company concluded that the disposal of the SNS Business represented a strategic shift of the Company's operations where the Company would no longer focus on social networking but would rather focus on its used car business in China as well as its businesses outside of China. Accordingly, assets, liabilities, revenues and expenses and cash flows related to the Company's SNS Business have been reclassified in the accompanying consolidated financial statements as discontinued operations for all the periods presented.

The Company collected \$6.8 million in 2019, however, by December 31, 2019, Beijing Infinities failed to make payments under the agreed extended repayment plan. Based on assessment of the collectability, the Company provided an allowance of US\$12.6 million for the receivable. Additionally, the shares receivable in the form of Infinities Technology (Cayman) Holding Limited, which is the holding company of Beijing Infinities, were received as of December 31, 2020 and were recorded as long-term investments in the consolidated balance sheets as of December 31, 2020.

On December 29, 2018, the Company calculated a gain regarding the disposal of the SNS Business as follows.

	As of
	December 31, 2018
Total proceeds	\$ 60,000
Less: Property and equipment, net	8
Net assets of Renren SNS	8
Less: Accumulated other comprehensive income	336
Less: Tax expenses	-
Gain on deconsolidation of Renren SNS	\$ 59,656

The condensed cash flow from operating of Renren SNS Business were US\$1,437 used in operation activities for the year ended December 31, 2018. The condensed cash flow from investing of Renren SNS Business were immaterial. For the year ended December 31, 2019, the net cash flow provided by operating activities of Renren SNS Business were US\$681.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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4. DISCONTINUED OPERATIONS – continued

Disposition of OPI

On April 30, 2018, the Company announced that OPI will offer newly issued ordinary shares of OPI in a private placement to those shareholders of Renren as of the Record Date who satisfy all three of the following criteria: (1) the shareholder is an “accredited investor,” as such term is defined under the U.S. Securities Act of 1933, as amended, (2) the shareholder is a “qualified purchaser,” as such term is defined under the U.S. Investment Company Act of 1940, as amended, and (3) the shareholder is not a resident of a jurisdiction where the offering would be illegal. Additionally, the Company also announced a cash dividend payable by Renren to all shareholders other than those shareholders who waive the cash dividend in connection with the private placement described above. The amount of the cash dividend was US\$0.6125 per ordinary share of Renren. The cash dividend and the private placement are part of an integrated series of transactions designed to address concerns that Renren may be deemed to be an investment company within the meaning of the Investment Company Act. The disposition was consummated on June 21, 2018 with an issuance of a total of 816,261,781 ordinary shares of OPI on June 21, 2018 to those eligible shareholders of Renren as of June 14, 2018 who validly waived the cash dividend in connection with the private placement. In addition, on June 21, 2018, US\$133.7 million of cash dividends, with US\$0.6125 per ordinary share of Renren, was paid to the Company's shareholders who were not accredited investors and elected to no longer remain investors of OPI subsequent to the private placement transaction. After the transaction, the Company no longer held any shares of OPI and OPI was deconsolidated from the Company's consolidated financial statements. Additionally, the Company concluded that the disposal of OPI represents a non-pro rata distribution of shares of OPI to selected shareholders combined with a cash dividend to the remaining shareholders. Accordingly, the Company has accounted the disposal at fair value.

On June 30, 2018, the Company calculated a gain regarding such disposition as follows:

	As of June 30, 2018
Fair value of OPI	\$ 500,000
Less: Cash and cash equivalents	35,274
Accounts and notes receivable, net	64
Prepaid expenses and other current assets	16,344
Property and equipment, net	12
Amount due from the Company	15,190
Equity method investments	268,515
Equity investments without readily determinable fair values	144,096
Available-for-sale investment	90,615
Other non-current assets	14
Short term loan	(14,336)
Accounts payable	(96)
Accrued expenses and other current liabilities	(872)
Amount due to the Company	(102,304)
Deferred revenue	(13)
Income tax payable	(910)
Long-term liabilities	(112,604)
Other Long-term liabilities	(21,430)
Net assets of OPI	<u>317,559</u>
Less: tax expenses	<u>-</u>
Gain on deconsolidation of OPI	<u>\$ 182,441</u>

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4. DISCONTINUED OPERATIONS – continued

Disposition of OPI - continued

The condensed cash flow of OPI were as follows for the year ended December 31, 2018:

	Year ended December 31, 2018
Net cash used in operating activities	\$ (28,134)
Net cash provided by investing activities	\$ 12
Net cash provided by financing activities	\$ 60,000

Disposition of Kaixin

In December 2020, the Company approved the binding term sheet signed between Kaixin and Haitaoche Limited (“Haitaoche”). The binding term sheet sets forth the terms and conditions by which Haitaoche will merge with a newly formed wholly-owned subsidiary of Kaixin, with Haitaoche continuing as the surviving entity and wholly-owned subsidiary of Kaixin (the “Merger”). As consideration for the Merger, Kaixin will issue a number of ordinary shares of Kaixin to the shareholders of Haitaoche (the “Haitaoche Shareholders”) so that the Haitaoche Shareholders will collectively hold 51% of Kaixin’s share capital upon the closing of the Merger. The disposal of Kaixin represents a strategic shift and has a major effect on the Company’s result of operations. Accordingly, assets, liabilities, revenues and expenses and cash flows related to Kaixin have been reclassified in the accompanying consolidated financial statements as discontinued operations for all periods presented. Additionally, long-lived assets classified as held for sale as of December 31, 2020 were measured at the lower of their carrying amount or fair value less cost to sell. As a result of the disposition of Kaixin, the Company reevaluated its operating segments. Refer to Note 16.

The following table summarizes the carrying amounts of the major classes of assets and liabilities held for sale in the consolidated balance sheet as of December 31, 2019 and 2020:

	As of December 31,	
	2019	2020
Cash and cash equivalents	\$ 3,190	\$ 3,162
Financing receivable, net	219	-
Inventory	20,990	-
Prepaid expenses and other current assets	27,586	43,624
Property and equipment, net	153	45
Right-of-use assets	2,252	74
Other non-current asset	-	1,562
Assets classified as held for sale	\$ 54,390	\$ 48,467
Accounts payable	4,122	402
Accrued expenses and other current payables	17,302	14,683
Amount due to related parties	4,214	2,960
Short-term debt	16,630	15,257
Income tax payable	5,319	4,042
Advance from customers	1,677	1,863
Lease liabilities– current	1,785	39
Warrant Liability	-	1,690
Lease liabilities – non-current	810	26
Liabilities classified as held for sale	\$ 51,859	\$ 40,962

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4. DISCONTINUED OPERATIONS – continued

Disposition of Kaixin - continued

The condensed cash flows of Kaixin Auto Holdings were as follows for the years ended December 31, 2018, 2019 and 2020:

	Years ended December 31,		
	2018	2019	2020
Net cash used in operating activities	(9,749)	(4,745)	(3,878)
Net cash provided by investing activities	98,982	1,223	-
Net cash (used in) provide by financing activities	(138,637)	(6,328)	3,917

The operating results from discontinued operations included in the Company's consolidated statement of operations were as follows for the years ended December 31, 2018, 2019 and 2020.

	Years ended December 31,					
	2018			2019		
	Renren SNS	OPI	Kaixin	Total	Kaixin	2020 Kaixin
Major classes of line items constituting pretax profit of discontinued operations						
Net revenues	\$ 19,679	\$ 895	\$ 431,404	\$ 451,978	\$ 334,697	\$ 33,160
Cost of revenues	(14,997)	(834)	(413,971)	(429,802)	(340,174)	(32,160)
Selling, research and development, and general and administrative expenses	(7,523)	(1,394)	(51,508)	(60,425)	(53,866)	(7,256)
Other income (expense)	-	371	(812)	(441)	840	586
Interest income	-	-	575	575	69	5
Interest expense	-	(3,142)	(4,261)	(7,403)	(4,057)	(1,183)
Impairment of goodwill	-	-	-	-	(74,091)	-
Impairment of long-term investments	-	(2,180)	-	(2,180)	-	-
Fair value change of contingent consideration	-	-	(49,503)	(49,503)	65,594	-
Loss from the operations of the discontinued operations, before income tax	(2,841)	(6,284)	(88,076)	(97,201)	(70,988)	(6,848)
Income tax (expenses) benefit	-	-	(862)	(862)	1,920	1,528
Loss of equity method investment	-	(9,674)	-	(9,674)	-	-
Loss from the operations of the discontinued operations, net of tax	(2,841)	(15,958)	(88,938)	(107,737)	(69,068)	(5,320)
Gain on deconsolidation of the subsidiaries, net of tax	59,656	182,441	-	242,097	-	-
Gain (loss) from the discontinued operations, net of tax	\$ 56,815	\$ 166,483	\$ (88,938)	\$ 134,360	\$ (69,068)	\$ (5,320)

All notes to the accompanying consolidated financial statements have been retrospectively adjusted to reflect the effect of the discontinued operations, where applicable.

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5. SHORT-TERM INVESTMENTS

The Company's short-term investments represent wealth management products issued by commercial banks in the PRC which are redeemed upon demand of the Company. The wealth management products are invested in debt securities issued by the PRC government, corporate debt securities, bank deposits, central bank bills and other securities issued by other financial institutions.

The debt securities are classified as available-for-sale investments and are reported at fair value, with any unrealized holding gains or losses, net of the related tax effect, excluded from earnings and recorded as a separate component of accumulated other comprehensive income (loss) until realized. Realized gains or losses from the sale of short-term investments are determined on a specific identification basis and are recorded as investment income when earned.

Short-term investments are valued based on the expected return provided by the issuer. The short-term investments are categorized in Level 2 of the fair value hierarchy. The fair value of the short-term investments approximates the book value, and there was no interest income or loss recognized in earnings and no unrealized gain or loss from the changes in fair values recognized in accumulated other comprehensive income during the fiscal years ending December 31, 2019 and 2020, respectively.

6. LONG-TERM INVESTMENTS

	Note	As of December 31,	
		2019	2020
Equity method investments:			
Fundrise, L.P.	(i)	\$ 11,655	\$ 11,828
Other		1,081	1,047
Total equity method investments		<u>12,736</u>	<u>12,875</u>
Equity investment without readily determinable fair values			
Suzhou Youge Interconnection Venture Capital Center		718	766
Infinites Technology (Cayman) Holding Limited	(ii)	-	40,000
Total equity investments without readily determinable fair values		<u>718</u>	<u>40,766</u>
Total long-term investments		<u>\$ 13,454</u>	<u>\$ 53,641</u>

(i) In October 2014, the Company entered into an agreement to purchase limited partnership interest of Fundrise, L.P. for a total consideration of \$10,000. The Company held 98.04% equity interest as of December 31, 2019 and 2020 and recognized its share of gain of \$276, \$336 and \$174 for the years ended December 31, 2018, 2019 and 2020, respectively.

(ii) The investment of Infinites Technology (Cayman) Holding Limited, which is the holding company of Beijing Infinities, was acquired in connection with the disposition of the SNS business. See Note 4.

RENREN INC.

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7. Goodwill

	Amount
Balance at January 1, 2018	\$ 40,085
Impairment loss	(29,055)
Exchange difference	(1,617)
Balance at December 31, 2018	9,413
Impairment loss	(9,288)
Exchange difference	(1)
Balance at December 31, 2019	124
Exchange difference	—
Balance at December 31, 2020	\$ 124

During the year ended December 31, 2018, Kaixin transferred its equity interest in the Ji'nan Dealership and the related assets to an affiliate of the Company. Following the transfer, the Company closed the dealership. As a result of the above, the Company fully impaired the goodwill related to the Ji'nan Dealership amounting to \$25,804. The Company acquired Sindeo in 2017. During the year ended December 31, 2018, the Company performed its goodwill impairment test and determined there was an impairment. As a result, the entire balance of goodwill associated with Sindeo of US\$3,251 was written off.

During the year ended December 31, 2019, an impairment of goodwill of \$1,461 was recognized related to goodwill from the acquisition of Geographic Farming, LLC and impairment of goodwill of \$7,828 was recognized related to the acquisition of Trucker Path in Renren segment. The impairments were recorded primarily due to the business suspension in Geographic Farming, LLC and lower than expected performance in Trucker Path.

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8. SHORT - TERM DEBT AND LONG-TERM DEBT

Short-term debt

	Note	As of December 31,	
		2019	2020
East West Bank	(i)	\$ 11,000	\$ 11,400
Others		3,447	-
Total		\$ 14,447	\$ 11,400

- (i) In September 2019, the Company borrowed \$7,000 from East West Bank with an annual interest rate equal to LIBOR rate plus 1.2% due in April 2020. In April and June 2020, the maturity date of the loan was extended to July 2020 and September 2020 and the amount of borrowing was increased to \$11,000 with an annual interest rate equal to LIBOR rate plus 1.7%. In September 2020, the maturity date was extended to September 2021 and maximum principal amount had been revised to \$18,000. The loan was secured by the Company's restricted cash as of December 31, 2020.

For the loan from East West Bank, the Company breached certain non-financial related covenants and the bank did not request immediate repayment of the loan. The Company repaid the loan in January 2021.

Long-term debt

	Note	As of December 31,	
		2019	2020
Silicon Valley Bank	(i)	\$ -	\$ 1,585
Total		\$ -	\$ 1,585

- (i) In April 2020, the Company entered into a long-term loan agreement with Silicon Valley Bank for \$1,585. The loan bears an annual interest rate of 1.0% and has a loan period of 24 months.

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31,	
	2019	2020
Other tax payable	\$ 3,925	\$ 3,849
Accrued professional fee and marketing expense	4,688	3,162
Employee payroll and welfare	937	364
Accrued Rental	424	10
Staff reimbursement	221	128
Others	3,680	3,306
Total	\$ 13,875	\$ 10,819

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10. OPERATING LEASES

The Company leases its facilities and offices under non-cancellable operating lease agreements. These leases expire through 2023 and are renewable upon negotiation.

The right-of-use assets were US\$2,135 as of December 31, 2020. The current portion of lease liabilities was US\$1,409 and the operating lease liabilities – non-current were US\$589 as of December 31, 2020. For the year ended December 31, 2020, cash paid for amounts included in the measurement of lease liabilities was US\$940.

Before adoption of ASC842, total operating lease cost for the year ended December 31, 2018 was \$4,140. The operating lease cost and short-term lease cost for the years ended December 31, 2019 and 2020 were as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020
Cost	\$ 90	\$ 297
Selling expenses	7	-
Research and development expenses	977	1,221
General and administrative expenses	215	296
Total operating lease cost	1,289	1,814
Short-term lease cost	276	83
Total lease cost	\$ 1,565	\$ 1,897

The weighted average remaining lease term as of December 31, 2020 and 2019 was 1.70 and 1.88 years, and the weighted average discount rate of the operating leases was 10.30% and 10.92%.

Maturities of lease liabilities as of December 31, 2020 were as follows:

	Operating Lease
2021	\$ 1,409
2022	610
Total undiscounted lease payment	2,019
Less: Imputed interest	21
Present value of lease liabilities	<u>\$ 1,998</u>

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11. INCOME TAXES

The Company and subsidiaries incorporated in the Cayman Islands are not subject to income or capital gains taxes under the current laws of the Cayman Islands.

The Company's subsidiaries incorporated in the US are subject to state income tax and federal income tax at different tax rates, depending upon taxable income levels. They did not have taxable income and no income tax expense was provided for the years ended December 31, 2018, 2019 and 2020.

The Company's subsidiaries incorporated in Hong Kong are subjected to Hong Kong profits tax. With effect from 1 April 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 provision for Hong Kong profits tax has been made as they have no assessable profits in Hong Kong in the fiscal years ended December 31, 2018, 2019 and 2020.

Renren Giantly Philippines Inc was established in 2018 and incorporated in the Philippines, which is subject to 30% enterprise income tax rate for the year ended December 31, 2019 and 2020. Renren Giantly Philippines Inc did not have taxable income and no income tax expense was provided for the year ended December 31, 2019 and 2020.

The EIT Law includes a provision specifying that legal entities organized outside PRC will be considered residents for Chinese income tax purposes if their place of effective management or control is within the PRC. If legal entities organized outside PRC were considered residents for Chinese income tax purpose, they would become subject to the EIT Law on their worldwide income. This would cause any income from legal entities organized outside PRC earned to be subject to PRC's 25% EIT. The Implementation Rules to EIT Law provide that non-resident legal entities will be considered as PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. reside within PRC.

Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Company does not believe that the legal entities organized outside the PRC should be characterized as PRC residents for EIT Law purposes.

Under the EIT Law and its implementation rules which became effective on January 1, 2008, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with PRC that provides for a different withholding arrangement. The Cayman Islands, where the Company is incorporated, does not have a tax treaty with PRC.

The Company's subsidiaries and VIEs located in the PRC had aggregate accumulated deficits as of December 31, 2020. Accordingly, no deferred tax liability had been accrued for the Chinese dividend withholding taxes as of December 31, 2020.

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

	Years ended December 31,		
	2018	2019	2020
Current income tax expenses (benefit)	\$ 8,988	\$ 1,944	\$ (65)
Deferred income tax expenses	-	-	-
Total income tax expenses (benefit)	<u>\$ 8,988</u>	<u>\$ 1,944</u>	<u>\$ (65)</u>

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11. INCOME TAXES – continued

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

	As of December 31,	
	2019	2020
Deferred tax assets		
Provision for doubtful accounts	\$ 4,456	\$ 4,761
Accrued payroll and welfare	218	89
Allowance for prepaid expenses and other current assets	5,137	4,839
Accrued liabilities	3,019	2,424
Advertising fee	811	563
Employee education fee	18	19
Goodwill and intangible asset impairment	7,195	6,798
Net operating loss carry forwards	29,707	22,412
Total Deferred tax assets	50,561	41,905
Less valuation allowance	(50,561)	(41,905)
Deferred tax assets, net	\$ -	\$ -

The roll forward of valuation allowances of deferred tax assets for the year ended December 31, 2020 were as follows:

	Year ended December 31, 2020
Balance as of beginning of year	\$ 50,561
Additions	4,070
Reversals	(11,868)
Decrease relating to disposal of entities	(3,355)
Foreign currency translation adjustments	2,497
Balance as of end of year	\$ 41,905

The Company operates through multiple subsidiaries and VIEs and VIEs' subsidiaries. The valuation allowance is considered on each an individual entity basis. The subsidiaries and VIEs and VIEs' subsidiaries have total deferred tax assets related to net operating loss carry forwards of \$29,707 and \$22,413 as of December 31, 2019 and 2020, 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, 2019 and 2020, valuation allowances were established because the Company believes that it is more likely than not that its deferred tax assets will not be realized as it does not expect to generate sufficient taxable income in the near future. As of December 31, 2020, the Company had net operating losses of \$32,914, which can be carried forward to offset future taxable profit. The net operating loss of \$4,569, \$7,053, \$10,579, \$6,980 and \$3,733 will expire by 2021, 2022, 2023, 2024 and 2025 respectively, if not utilized. As of December 31, 2020, the Company had net operating loss of \$47 from Hong Kong and \$66,649 from United States subsidiaries which don't have an expiring date.

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11. INCOME TAXES – continued

Reconciliation between the income tax expenses 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:

	Years ended December 31,		
	2018	2019	2020
Loss before provision of income tax	\$ (58,428)	\$ (29,012)	\$ (16,935)
PRC statutory income tax rate	25%	25%	25%
Income tax at statutory tax rate	(14,607)	(7,250)	(4,234)
Taxable deemed interest income from inter-company interest-free loans	4,298	2,218	(66)
Net operating loss not applicable for carryforward	-	13,548	14,820
Non-deductible expenses	6,471	(1,340)	44
Non-deductible expenses related to share-based compensation	7,901	2,102	3,830
Non-taxable income from fair value change gain of contingent consideration	-	(5,166)	(257)
Impairment of goodwill	-	2,322	-
Effect of income tax rate differences in jurisdictions other than the PRC	7,426	(87)	675
Effects of Company cancellation	-	205	(3,723)
Changes in valuation allowance	(2,501)	(4,608)	(11,154)
Income tax expenses (benefit)	\$ 8,988	\$ 1,944	\$ (65)

The Company did not identify significant unrecognized tax benefits for the years ended December 31, 2018, 2019 and 2020, respectively. The Company did not incur any interest and penalties related to potential underpaid income tax expenses.

Since January 1, 2008, the relevant tax authorities have not conducted a tax examination on PRC entities. In accordance with relevant PRC tax administration laws, tax years from 2016 to present of the Company's PRC subsidiaries and VIEs and VIEs' subsidiaries remain subject to tax audits as of December 31, 2020, at the tax authority's discretion.

12. ORDINARY SHARES

The authorized number of Class A ordinary shares is 3,000,000,000 with par value \$0.001 per share, Class A ordinary shares of the Company amounted to 751 and 770 as of December 31, 2019 and 2020, respectively.

The authorized number of Class B ordinary shares is 500,000,000 with par value \$0.001 per share, Class B ordinary shares of the Company amounted to 305 and 305 as of December 31, 2019 and 2020, respectively. Each Class B ordinary share is convertible into one Class A ordinary share.

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13. FAIR VALUE MEASUREMENTS

Assets and liabilities disclosed at fair value

The Company measures its amounts due from/to related parties, equity investments without readily determinable fair values and short-term and long-term debt, payable to investors and amount due from OPI at amortized cost. The carrying values of cash and cash equivalents and restricted cash approximated fair value and represented a level 1 measurement. 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 amount due from OPI approximates its fair value since the interest rates is considered to reflect market interest rate. The carrying value of current amounts due from /to other related parties' approximate fair value due to their relatively short maturity.

Assets and liabilities measured at fair value on a recurring basis

The Company measures its financial assets and liabilities, including short-term investments, equity investments with readily determinable fair values and contingent consideration at fair value on a recurring basis as of December 31, 2019 and 2020. The short-term investments are categorized in Level 2 of the fair value hierarchy. Contingent consideration as of December 31, 2019 and 2020 is classified within Level 3 of the fair value hierarchy because the fair value is determined by using a significant number of unobservable inputs which are further described below.

The following table summarizes the Company's financial assets and liabilities measured and recorded at fair value on recurring basis as of December 31, 2019 and 2020, respectively:

	As of December 31, 2019				As of December 31, 2020			
	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
Short-term investments	\$ -	\$ 1,436	\$ -	\$ 1,436	\$ -	\$ -	\$ -	\$ -
Contingent consideration	-	-	(1,032)	(1,032)	-	-	(2,059)	(2,059)
Total	\$ -	\$ 1,436	\$ (1,032)	\$ 404	\$ -	\$ -	\$ (2,059)	\$ (2,059)

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13. FAIR VALUE MEASUREMENTS – continued

The Company did not transfer any assets or liabilities in or out of Level 3 during the years ended December 31, 2018, 2019 and 2020.

Assets and liabilities measured at fair value – continued

In connection with the Kaixin Offering closing on April 30, 2019, the dealers and after-sale service center operators became entitled to a minimum number of 4.18 million shares of KAH based on their historical performance. Because such share consideration payment will be delivered, without being affected by the outcome of the other consideration payment triggers, the fair value of US\$ 20.8 million related to this consideration payment was reclassified from liability classified contingent consideration to equity classified contingent consideration, such fair value is calculated based on the number of shares multiplied by the share price upon the closing of Kaixin Offering.

As of December 31, 2020 and 2019, contingent consideration was related to certain consideration payment triggers, such as the performance of each dealer and after-sale service center operator for each of the five years' following April 30, 2019 and KAH's share price from May 1, 2019 to October 31, 2021. The fair value of the contingent consideration was estimated with the following key assumptions 1) none of the dealer or after-sale service center operator will meet any performance condition for each of the five years' following April 30, 2019; 2) Renren Inc. will not receive any earnout shares and 3) Renren Inc. will receive the indemnification shares.

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 years ended December 31, 2019 and 2020:

	Amounts
Balance at January 1, 2019	\$ 105,670
Fair value change	(86,256)
Exchange difference	2,467
Contingent liability reclassified into equity	(20,849)
Balance at December 31, 2019	1,032
Fair value change	1,027
Exchange difference	-
Balance at December 31, 2020	<u>\$ 2,059</u>

Assets measured at fair value on a nonrecurring basis

The Company measured its property, equipment and intangible assets 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.

Goodwill is evaluated for impairment annually or more frequently if events or conditions were to indicate the carrying value of a reporting unit may be greater than its fair value. Impairment testing compares the carrying amount of the reporting unit with its fair value. In 2019, the Company performed annual impairment tests for goodwill using the discounted cash flow method. The fair value of goodwill is a Level 3 valuation based on certain unobservable inputs including projected cash flows and estimated risk-adjusted rates of return that would be utilized by market participants in valuing these assets or prices of similar assets, see Note 7.

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14. SHARE-BASED COMPENSATION

Renren Stock options

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 equity incentive plans adopted during the years ended December 31, 2003, 2004 and 2005. The following is 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:

	Maximum aggregate number of shares
2006 Plan	97,430,220
2008 Plan	30,529,630
2009 Plan	40,000,000
2011 Plan	110,014,158
2016 Plan	53,596,236
2018 Plan	107,100,000

The term of the options may not exceed ten years from the date of the grant. The awards under the above plans are subject to vesting schedules ranging from immediately upon grant to six years subsequent to grant date.

On June 29, 2018, Renren Inc.’s compensation committee approved a modification to certain awards 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 remeasurement 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.

On March 24, 2020, Renren Inc.’s compensation committee approved a modification to certain awards to reduce the exercise price for all outstanding options previously granted by Renren with an exercise price higher than \$0.0113 per ordinary share to \$0.0113 per share. Such reduction was accounted by Renren as a share option modification and required the remeasurement of these share options at the time of the modification. The total incremental cost as a result of the modification was \$6,948. The incremental cost related to vested options amounted to \$6,534 and was recorded in the consolidated statements of operations during year ended December 31, 2020. The incremental cost related to unvested options amounted to \$414 and will be recorded over the remaining service periods.

The Company did not grant any options under these plans for any periods presented.

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14. SHARE-BASED COMPENSATION – continued

Stock options - continued

The following table summarizes information with respect to share options outstanding as of December 31, 2020:

Range of exercise prices	Number outstanding	Options outstanding			Options exercisable			
		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	138,724,521	3.42	\$ 0.06	\$ 13,137	130,442,760	3.31	\$ 0.01	\$ 12,353
	<u>138,724,521</u>			<u>\$ 13,137</u>	<u>130,442,760</u>			<u>\$ 12,353</u>
					Number of shares	Weighted average exercise price	Weighted average grant date fair value	
					138,953,386	\$ 0.06	\$ 0.64	
					(77,535)	\$ 0.01	\$ 0.51	
					(151,330)	\$ 0.01	\$ 0.84	
					<u>138,724,521</u>	<u>\$ 0.01</u>	<u>\$ 0.64</u>	
					<u>130,442,760</u>	<u>\$ 0.01</u>		
					<u>8,282,496</u>	<u>\$ 0.01</u>		

For employee stock options, the Company recorded share-based compensation from continuing operations of \$16,459, \$4,628, and \$11,576 for the years ended December 31, 2018, 2018 and 2020, respectively, based on the fair value on the grant dates over the requisite service period of award using the straight-line method. For Renren stock plans, no share-based compensation was recognized from discontinued operations for any period presented.

For non-employee options, share based compensation was immaterial for the years ended December 31, 2018. For the years ended December 31, 2019 and 2020, there was no share-based compensation recorded for non-employee options.

As of December 31, 2020, there was \$4,472 unrecognized share-based compensation expense relating to share options. This amount is expected to be recognized in continuing operations over a weighted-average vesting period of 1.92 years.

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14. SHARE-BASED COMPENSATION – continued

Renren 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, 2019	55,821,488	\$ 0.18
Granted	55,462,455	\$ 0.08
Vested	(18,549,945)	\$ 0.19
Forfeited	(14,538,907)	\$ 0.13
Outstanding as of December 31, 2020	78,195,091	\$ 0.12

The Company 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. The Company recorded compensation expenses related to nonvested restricted shares from continuing operations of \$3,917, \$3,952 and \$2,634 for the years ended December 31, 2018, 2019 and 2020, respectively. For Renren stock plan, no compensation expense from restricted shares was recognized in discontinued operations for any period presented.

Total unrecognized compensation expense amounting to \$5,259 related to nonvested restricted shares granted as of December 31, 2020. The expense is expected to be recognized in continuing operations over a weighted-average period of 1.70 years.

Equity Incentive Plan of Chime Technologies, Inc. and Trucker Path, Inc.

On July 13, 2020, Chime Technologies, Inc. and Trucker Path, Inc. adopted the stock incentive plans, whereby 30,000,000 ordinary shares of Chime Technologies, Inc. (“Chime Plan”) and 30,000,000 ordinary shares of Trucker Path, Inc. (“Trucker Path Plan”) are made available for future grant for employees or consultants of Chime and Trucker Path, respectively, either in the form of incentive share options or restricted shares. The term of the options may not exceed ten years from the date of the grant. The awards under the above plans are subject to vesting schedules ranging from immediately upon grant to four years subsequent to grant date.

During 2020, Chime issued an aggregate of 8,346,000 options and 20,000,000 restricted shares under the Chime Plan to certain of its directors, officers and employees as compensation for their services. The term of the options may not exceed ten years from the date of the grant. The weighted-average grant-date fair value of the share options granted during the period presented was \$0.02.

During 2020, Trucker Path issued an aggregate of 6,871,000 options and 20,000,000 restricted shares under the Trucker Path Plan to certain of its directors, officers and employees to compensate their services. The weighted-average grant-date fair value of the share options granted during the period presented was \$0.01.

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14. SHARE-BASED COMPENSATION – continued

Equity Incentive Plan of Chime Technologies, Inc. and Trucker Path, Inc. – continued

In determining the fair value of share options, a binomial option pricing model is applied. Assumptions used to estimate the fair values of the share options granted or modified were as follows:

	Years ended December 31, 2020	
	Chime	Trucker Path
Risk-free interest rate (1)	0.73%	0.64%
Volatility (2)	57%	49%
Expected term (in years) (3)	10	10
Exercise price (4)	\$ 0.03	\$ 0.02
Dividend yield (5)	-	-
Fair value of underlying ordinary share (6)	\$ 0.02	\$ 0.01

(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.

(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.

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14. SHARE-BASED COMPENSATION – continued

Equity Incentive Plan of Chime Technologies, Inc. and Trucker Path, Inc. – continued

The following table summarizes information with respect to share options outstanding of Chime Plan as of December 31, 2020:

Range of exercise prices	Number outstanding	Options outstanding			Options exercisable			
		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
\$ 0.03	4,701,097	9.51	\$ 0.03	\$ 22,384	3,599,903	9.51	\$ 0.03	\$ 17,141
					Number of shares	Weighted average exercise price	Weighted average grant date fair value	
Balance, December 31, 2019					-	\$ -	\$ -	
Granted					8,346,000	\$ 0.03	\$ 0.02	
Forfeited					(45,000)	\$ 0.03	\$ 0.02	
Vested					(3,599,903)	0.03	0.02	
Balance, December 31, 2020					4,701,097	\$ 0.03	\$ 0.02	
Exercisable, December 31, 2020					3,599,903	\$ 0.03		
Expected to vest, December 31, 2020					4,701,097	\$ 0.03		

The following table summarizes information with respect to share options outstanding of Trucker Path Plan as of December 31, 2020:

Range of exercise prices	Number outstanding	Options outstanding			Options exercisable			
		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
\$ 0.02	3,588,181	9.51	\$ 0.02	\$ 17,117	3,217,819	9.51	\$ 0.02	\$ 15,350
					Number of shares	Weighted average exercise price	Weighted average grant date fair value	
Balance, December 31, 2019					-	\$ -	\$ -	
Granted					6,871,000	\$ 0.02	\$ 0.01	
Forfeited					(65,000)	\$ 0.02	\$ 0.01	
Vested					(3,217,819)	\$ 0.02	0.01	
Balance, December 31, 2020					3,588,181	\$ 0.02	\$ 0.01	
Exercisable, December 31, 2020					3,217,819	\$ 0.02		
Expected to vest, December 31, 2020					3,588,181	\$ 0.02		

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
 FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
 (In thousands of US dollars, except share data and per share data, or otherwise noted)

14. SHARE-BASED COMPENSATION – continued

Equity Incentive Plan of Chime Technologies, Inc. and Trucker Path, Inc. – continued

The Company recorded share-based compensation for Chime Plan and Trucker Path Plan from continuing operations of \$67 and \$31, respectively, for the years ended December 31, 2020, based on the fair value on the grant dates over the requisite service period of award using the straight-line method. The Company did not have any compensation expenses from discontinued operations.

As of December 31, 2020, there were \$87 and \$35 unrecognized share-based compensation expense relating to share options of Chime Plan and Trucker Path Plan, respectively. This amount is expected to be recognized over a weighted-average vesting period of 3.53 years.

On July 13, 2020, Chime issued 20,000,000 restricted shares under the Chime Plan that were immediately vested on the grant date. The Company recorded compensation expenses of \$632 based on the fair value of nonvested restricted shares on the grant date. The fair value of the nonvested restricted shares on the grant date was determined with the assistance of an independent third -party appraiser.

On July 13, 2020, Trucker Path issued 20,000,000 restricted shares under the Trucker Path Plan that were immediately vested on the grant date. The Company recorded compensation expenses of \$365 based on the fair value of nonvested restricted shares on the grant date. The fair value of the nonvested restricted shares on the grant date was determined with the assistance of an independent third party appraiser.

The total amount of share-based compensation expense for options and nonvested restricted shares of the Company, Chime and Trucker Path, attributable to selling and marketing, research and development, general and administrative expenses excluding share-based compensation expense of the discontinued operations are as follows:

	Years ended December 31,		
	2018	2019	2020
Selling and marketing	\$ 423	\$ 524	\$ 185
Research and development	1,035	1,118	990
General and administrative	18,708	6,938	14,145
Total share-based compensation expense	<u>\$ 20,166</u>	<u>\$ 8,580</u>	<u>\$ 15,320</u>

There was no income tax benefit recognized in the statements of operations for share-based compensation for the years ended December 31, 2018, 2019 and 2020.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(In thousands of US dollars, except share data and per share data, or otherwise noted)

15. RELATED PARTY BALANCES AND TRANSACTIONS

Details of major related party balances as of December 31, 2019 and 2020 are as follows:

(1) Amounts due from related parties

As of December 31, 2019 and 2020, amounts due from related parties including both current and non-current were as follows:

	Note	As of December 31,	
		2019	2020
Beijing Infinities	(i)	\$ 681	\$ 726
Others		7	38
Amounts due from related parties - current		\$ 688	\$ 764
Oak Pacific Investment	(ii)	\$ 91,758	\$ 67,985
Beijing Infinities	(i)	40,000	-
Amounts due from related parties – non current		131,758	67,985
Total		\$ 132,446	\$ 68,749

- (i) The balance represents the receivable from Beijing Infinities in connection with the disposition of the SNS business. The balance includes a US\$40 million receivable in the form of Beijing Infinities shares. Refer to Note 4 for further details.
- (ii) The balance of December 31, 2020 represents the US\$50 million note issued by Oak Pacific Investment to Renren and US\$18 million accrued interest income. In connection with the private placement transaction completed on June 21, 2018, OPI issued a note to Renren with an interest rate of 8.0% per year. The term of the note is the earlier of five years and the date upon which OPI and its subsidiaries no longer hold any shares of Social Finance Inc. In March 2019, the interest rate was increased to 8.5% per year in connection with a refinancing of Oak Pacific Investment's debt obligations. In December 2019, OPI repaid the principal of US\$9.6 million and the associated interests of US\$0.4 million. In March 2020, OPI repaid the principal of US\$3.7 million and the associated interests of US\$0.3 million. In December 2020, OPI repaid the principal of US\$26.4 million and the associated interests of US\$1.1 million. The balance is included in amount due from related party, non-current at December 31, 2019 and 2020.

(2) Amounts due to related parties

	As of December 31,	
	2019	2020
Beijing Infinities	\$ 681	\$ 697
Others	93	-
Total	\$ 774	\$ 697

Details of major related party transactions for the years ended December 31, 2018, 2019 and 2020 are as follows:

(3) Major transaction with related parties for amount due from related parties

	Years ended December 31,	
	2019	2020
Interest accrued for Promissory note:		
OPI	\$ 7,904	\$ 7,756
Promissory note principal received:		
OPI	(10,027)	(31,529)
Amount accrued (received) from disposition of Renren SNS:		
Beijing Infinities	(6,067)	(40,000)
Loan to a related party:		
Beijing Zhenzhong	3,858	3,155
Amount received from loan to a related party:		
Beijing Zhenzhong	(4,144)	(3,060)
Equity method Investment:		
One Rent	(600)	-

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
 FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
 (In thousands of US dollars, except share data and per share data, or otherwise noted)

15. RELATED PARTY BALANCES AND TRANSACTIONS – continued

(4) Transactions with related parties for amount due to related parties

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
Repayment of loan from related parties:		
Beijing Infinities	\$ 1,192	\$ 29
OPI	27	-
Loan from a related party:		
Beijing Infinities	(1,879)	(1)

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
 FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
 (In thousands of US dollars, except share data and per share data, or otherwise noted)

16. SEGMENT INFORMATION

The Company's Chief Operating Decision Maker (the "CODM") is the CEO, 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.

As described in Note 4, Kaixin was treated as discontinued operation. As a result, the Company reevaluated and concluded that it had only one reportable segment as of December 31, 2020.

The majority of the Company's revenue for the years ended December 31, 2018, 2019 and 2020 was generated from the PRC and the United States. The following table sets forth the disaggregation of revenue by country:

	Years ended December 31,					
	2018		2019		2020	
PRC	\$ 61,046	91%	\$ 6,824	45%	\$ 587	3%
United States	5,748	9%	8,261	55%	17,519	97%
Total Revenue	<u>\$ 66,794</u>	100%	<u>\$ 15,085</u>	100%	<u>\$ 18,106</u>	100%

As of December 31, 2018, 2019 and 2020, substantially all of the long-lived assets of the Company were located in the PRC. Therefore, no geographical segments are presented.

RENREN INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(In thousands of US dollars, except share data and per share data, or otherwise noted)

17. 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 December 31, 2020, 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 for the years ended December 31, 2018, 2019 and 2020, 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 \$257,107 and \$266,542 as of December 31, 2019 and 2020, respectively.

18. SUBSEQUENT EVENT

On March 31, 2021, Kaixin announced that it has entered into a definitive securities purchase agreement (the "Purchase Agreement") with the Company, and completed the closing on the same date. Pursuant to the Purchase Agreement, the Company invested \$6,000 in newly designated convertible preferred shares of Kaixin. The preferred shares are convertible into the Kaixin's ordinary shares at a conversion price of \$3.00, subject to customary adjustments pursuant to the Purchase Agreement.

RENREN INC.

Financial Statement Schedule I
Condensed Financial Information of Parent Company
BALANCE SHEETS
As of December 31, 2019 and 2020
(U.S. dollars in thousands, except share data and per share data)

	As of December 31,	
	2019	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 173	\$ 1,933
Prepaid expenses and other current assets	519	1,058
Amounts due from subsidiaries	409,258	432,494
Total current assets	409,950	435,485
Amounts due from related parties non-current	91,758	67,985
TOTAL ASSETS	\$ 501,708	\$ 503,470
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term loan	11,000	11,400
Accrued expenses and other current liabilities	3,152	2,167
Contingent consideration	204	407
Total current liabilities	14,356	13,974
Long-term contingent consideration	828	1,652
Deficit of investment in subsidiaries	382,411	380,794
TOTAL LIABILITIES	\$ 397,595	\$ 396,420
Equity:		
Class A ordinary shares, \$0.001 par value, 3,000,000,000 shares authorized, 750,816,633 and 769,444,113 shares issued and outstanding as of December 31, 2019 and 2020, respectively	751	770
Class B ordinary shares, \$0.001 par value, 500,000,000 shares authorized, 305,388,450 and 305,388,450 shares issued and outstanding as of December 31, 2019 and 2020, respectively	305	305
Additional paid-in capital	720,513	742,775
Accumulated deficit	(608,118)	(627,338)
Accumulated other comprehensive loss	(9,338)	(9,462)
Equity	104,113	107,050
TOTAL LIABILITIES AND EQUITY	\$ 501,708	\$ 503,470

RENREN INC.

Financial Statement Schedule I
Condensed Financial Information of Parent Company
STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
For the years ended December 31, 2018, 2019 and 2020
(U.S. dollars in thousands, except share data and per share data)

	Years ended December 31,		
	2018	2019	2020
Selling and marketing	\$ 423	\$ 524	\$ 98
Research and development	1,035	1,118	467
General and administrative	25,536	8,030	16,003
Total operating expenses	26,994	9,672	16,568
Other income (expenses)	924	-	(2,765)
Interest income	3,969	7,904	7,756
Interest expenses	(3,989)	(565)	(302)
Fair value change of contingent consideration	-	20,662	(1,027)
Loss in equity method investments	(1,415)	(417)	-
Gain on deconsolidation of the subsidiaries	182,441	-	-
Equity in loss of subsidiaries and variable interest entities	(82,396)	(69,005)	(6,314)
Net income (loss)	\$ 72,540	\$ (51,093)	\$ (19,220)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation	(5,770)	(3,344)	(124)
Net unrealized (loss) gain on available-for-sale investments	(9,671)	9	-
Non-controlling interest disposition	2,519	-	-
Transfer to statements of operations of realized gain on available-for-sale securities	(7,364)	(9)	-
Other comprehensive loss	(20,286)	(3,344)	(124)
Comprehensive income (loss)	52,254	(54,437)	(19,344)

RENREN INC.

Financial Statement Schedule I
Condensed Financial Information of Parent Company
STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands, except share data and per share data)

	Years ended December 31,		
	2018	2019	2020
Net cash provided by (used in) operating activities	\$ 16,026	\$ 13,850	\$ (30,170)
Cash flows from investing activities:			
Proceeds from sale of equity investments without readily determinable fair values	4,585	-	-
Proceeds from repayment of the note issued by OPI	-	9,564	31,529
Net cash provided by investing activities	4,585	9,564	31,529
Cash flows from financing activities:			
Proceeds from exercise of share options	1,107	10	1
Proceeds from borrowings	27,000	7,000	400
Cash distribution to shareholders related to acquisition of OPI	(133,665)	-	-
Repayment of borrowings	(12,000)	(31,000)	-
Net cash (used in) provided by financing activities	(117,558)	(23,990)	401
Net (decrease) increase in cash and cash equivalents	(96,947)	(576)	1,760
Cash and cash equivalents at beginning of year	97,697	749	173
Effect of exchange rate changes	(1)	-	-
Cash and cash equivalents at end of year	\$ 749	\$ 173	\$ 1,933

POWER OF ATTORNEY

I, Liu Jian, a citizen of the People's Republic of China (the “**PRC**”), PRC ID card number [****], hereby irrevocably authorize **Qianxiang Shiji Technology Development (Beijing) Co., Ltd.** (“**WFOE**”) or the individual or entity that is designated by WFOE (each, a “**Representative**”) to the extent permitted by applicable laws of the PRC, as my sole attorney to singly exercise the following powers and rights during the term of this Power of Attorney (“**POA**”).

I hereby authorize and designate the Representative to vote on my behalf at the shareholders' meetings of **Beijing Qianxiang Tiancheng Technology Development Co., Ltd.** (“**PRC Company**”) and exercise the full voting rights as its shareholder as granted to me by law and under the Articles of Association of PRC Company, including but not limited to, the right to propose the holding of shareholders' meeting, to accept any notification about the holding and discussion procedure of the meeting, to attend the shareholders' meeting of PRC Company and exercise the full voting rights (such as to serve as my authorized representative at the shareholders' meeting of PRC Company, to designate and appoint the executive director or directors of the board of PRC Company and the general manager and to decide the allotment of the profits, etc.), and to sell or transfer any or all of my equity interest in PRC Company.

In exercising the rights and powers provided hereunder, the Representative shall act with due care and diligence and pursuant to this POA and the applicable laws.

The term of this Power of Attorney is ten (10) years from its date of execution, and shall be automatically terminate upon the assignment of the loan in the principal amount of Renminbi 100,000 from WFOE to the undersigned, to a third party acceptable to WFOE.

Nominee: Liu Jian

/s/ Liu Jian

Date: December 22 of 2020

POWER OF ATTORNEY

I, **Yang Jing**, a citizen of the People's Republic of China (the "PRC"), PRC ID card number [****], hereby irrevocably authorize **Qianxiang Shiji Technology Development (Beijing) Co., Ltd.** ("WFOE") or the individual or entity that is designated by WFOE (each, a "Representative") to the extent permitted by applicable laws of the PRC, as my sole attorney to singly exercise the following powers and rights during the term of this Power of Attorney ("POA").

I hereby authorize and designate the Representative to vote on my behalf at the shareholders' meetings of **Beijing Qianxiang Tiancheng Technology Development Co., Ltd.** ("PRC Company") and exercise the full voting rights as its shareholder as granted to me by law and under the Articles of Association of PRC Company, including but not limited to, the right to propose the holding of shareholders' meeting, to accept any notification about the holding and discussion procedure of the meeting, to attend the shareholders' meeting of PRC Company and exercise the full voting rights (such as to serve as my authorized representative at the shareholders' meeting of PRC Company, to designate and appoint the executive director or directors of the board of PRC Company and the general manager and to decide the allotment of the profits, etc.), and to sell or transfer any or all of my equity interest in PRC Company.

In exercising the rights and powers provided hereunder, the Representative shall act with due care and diligence and pursuant to this POA and the applicable laws.

The term of this Power of Attorney is ten (10) years from its date of execution, and shall be automatically terminate upon the assignment of the loan in the principal amount of Renminbi 9,900,000 from WFOE to the undersigned, to a third party acceptable to WFOE.

Nominee: Yang Jing

/s/ Yang Jing

Date: December 22 of 2020

SHARE PURCHASE AGREEMENT

among

KAIXIN AUTO HOLDINGS,

YUNFEIYANG LIMITED,

QIANGQIANG LIMITED,

AADD LIMITED,

HJDXL LIMITED,

DINGQIN LIMITED,

WIRELESSROCK INC.,

RIGHT ADVANCE MANAGEMENT LIMITED,

and

FIT RUN LIMITED

Dated as of December 31, 2020

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SHARE PURCHASE AGREEMENT, dated as of December 31, 2020 (this “*Agreement*”), among

1. **KAIXIN AUTO HOLDINGS**, an exempted company with limited liability incorporated under the Laws of the Cayman Islands (the “*Purchaser*”);
2. **YUNFEIYANG LIMITED**, a company with limited liability organized under the Laws of the British Virgin Islands;
3. **AADD LIMITED**, a company with limited liability organized under the Laws of the British Virgin Islands;
4. **QIANGQIANG LIMITED**, a company with limited liability organized under the Laws of the British Virgin Islands;
5. **HJDXL LIMITED**, a company with limited liability organized under the Laws of the British Virgin Islands;
6. **WIRESLESSROCK INC.**, a company with limited liability organized under the Laws of the British Virgin Islands;
7. **RIGHT ADVANCE MANAGEMENT LIMITED**, a company with limited liability organized under the Laws of the British Virgin Islands;
8. **DINGQIN LIMITED**, a company with limited liability organized under the Laws of the British Virgin Islands; and
9. **FIT RUN LIMITED**, a company with limited liability organized under the Laws of the British Virgin Islands (together with, Yunfeiyang Limited, Aadd Limited, Qiangqiang Limited, Hjdxl Limited, Wirelessrock Inc., RIGHT ADVANCE MANAGEMENT LIMITED and DingQin Limited, the “*Sellers*,” and each, a “*Seller*”).

The Purchaser and the Sellers are referred to hereinafter collectively as the “*Parties*” and each a “*Party*.”

WHEREAS, the Sellers collectively own 100% of the issued and outstanding share capital of **HAITAOCHE LIMITED**, an exempted company with limited liability incorporated under the Laws of the Cayman Islands (the “*Company*”);

WHEREAS, the Purchaser intends to purchase, and the Sellers intend to sell, 100% of the issued and outstanding share capital of the Company (the “*Acquisition*”);

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I

THE ACQUISITION

Section 1.01 The Acquisition. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing (as defined in Section 2.01), each of the Sellers, severally but not jointly, shall sell, convey, transfer and deliver to the Purchaser, and the Purchaser shall purchase, acquire and accept from such Seller, all of the right, title and interest in and to such number of Company Shares as set out opposite such Seller’s name on Schedule I hereto (the “*Sale Shares*”), free and clear of all Liens, other than those arising under applicable securities Laws, contained in the Company’s memorandum and articles of association or resulting from the actions of the Purchaser or its Affiliates (the “*Acquisition*”). As consideration for the Acquisition, the Purchase shall issue to each of the Sellers such number of Purchaser Shares as set out opposite such Seller’s name on Schedule I hereto (the “*Consideration Shares*”), free and clear of all Liens, other than those arising under applicable securities Laws, contained in the Purchaser’s memorandum and articles of association or resulting from the actions of such Seller or its Affiliates.

ARTICLE II

CLOSING

Section 2.01 Closing.

(a) Unless otherwise agreed in writing between the Purchaser and the Sellers, the closing for the Acquisition (the “*Closing*”) shall take place at 10:00 a.m. (Beijing time) at the offices of Cooley HK at 3501, 35/F Two Exchange Square, 8 Connaught Place, Central, Hong Kong, as soon as practicable after the signing of this Agreement, but in any event no later than the third (3rd) Business Day following the day on which the last to be satisfied or, if permissible, waived of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, if permissible, waiver of those conditions) shall be satisfied or, if permissible, waived in accordance with this Agreement (such date being the “*Closing Date*”).

(b) At the Closing:

(i) the Purchaser shall deliver to the Sellers certificates representing the applicable Consideration Shares;

(ii) each Seller shall deliver to the Purchaser the applicable Sale Shares;

(iii) the Purchaser and each Seller, as applicable, shall deliver or cause to be delivered to each other instruments of transfer as reasonably required to transfer the Sale Shares and the Consideration Shares in compliance with the Purchaser’s memorandum and articles of association or the Company’s memorandum and articles of association, as applicable;

(c) the Purchaser and the Sellers agree that all of the actions and deliveries set out in this Section 2.01 made or performed at the Closing shall be deemed to have been made or performed simultaneously and that each such action and delivery shall require all other actions and deliveries to be completed in order to constitute Closing.

Section 2.02 Certain Adjustments. Notwithstanding anything in this Agreement to the contrary, if, after the date hereof and prior to the Closing, the number of outstanding Purchaser Shares as of the date hereof shall have been or will be changed into a different number of shares or a different class or security by reason of any reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, consolidation, split-up, combination, sub-division, exchange, readjustment or otherwise, then the terms of this Agreement shall be appropriately adjusted to provide each of the Purchaser and the Sellers the same economic effect as contemplated by this Agreement. Nothing in this Section 2.02 shall be construed to permit any party hereto to take any action that is otherwise prohibited or restricted by any other provision of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers hereby, jointly and severally, represent and warrant to the Purchaser as of the Closing Date that:

Section 3.01 Organization, Good Standing and Qualification.

(a) Each Seller is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, and has all requisite power and authority to carry on its business as presently conducted.

(b) The Company is an exempted company duly organized, validly existing and in good standing under the Laws of the Cayman Islands. Each of the Company's Subsidiaries is a legal entity duly organized or formed, validly existing and in good standing (to the extent the relevant jurisdiction recognizes such concept of good standing) under the Laws of the jurisdiction of its organization or formation, and each Group Company has the requisite corporate or similar power and authority and all necessary governmental approvals to own, lease, operate and use its properties and assets and to carry on its business as it is now being conducted. Each Group Company is duly qualified or licensed to do business, and is in good standing (to the extent the relevant jurisdiction recognizes such concept of good standing), in each jurisdiction where the character of the properties and assets owned, leased, operated or used by it or the nature of its business makes such qualification or licensing necessary.

(c) Other than the Group Companies, there are no other corporations, associations, or other persons that are legal entities that are material to the business of the Group Companies, taken as a whole, through which the Group Companies conduct business and in which any Group Company owns, of record or beneficially, any direct or indirect equity or other interest or right (contingent or otherwise) to acquire the same, and none of the Group Companies is a participant in (nor is any part of their businesses conducted through) any joint venture, partnership or similar arrangement that is material to the business of the Group Companies, taken as a whole.

Section 3.02 Memorandum and Articles of Association. The Sellers have heretofore furnished or otherwise made available to the Purchaser a complete and correct copy of the memorandum and articles of association or equivalent organizational documents, each as amended to date, of the Company and each Subsidiary. Such memorandum and articles of association or equivalent organizational documents are in full force and effect as of the date hereof. Neither the Company nor any Subsidiary is in violation of any of the provisions of its memorandum and articles of association or equivalent organizational documents in any material respect.

Section 3.03 Capitalization.

(a) The authorized share capital of the Company is US\$50,000 divided into (A) 46,979,266 ordinary shares of par value US\$0.001 each (the "**Company Ordinary Shares**") and each a "**Company Ordinary Share**"), (B) 2,000,000 Series A preferred shares of par value US\$0.001 each (the "**Company Series A Preferred Shares**"), and (C) 1,020,734 Series A-1 preferred shares of par value US\$0.001 each (the "**Company Series A-1 Preferred Shares**," and together with the Company Series A Preferred Shares, collectively the "**Company Preferred Shares**" and each a "**Company Preferred Share**"). As of the date hereof, (i) 8,000,000 Company Ordinary Shares were issued and outstanding, all of which have been duly authorized, validly issued, fully paid and non-assessable, (ii) 2,000,000 Company Series A Preferred Shares were issued and outstanding, all of which have been duly authorized, validly issued, fully paid and non-assessable, and (iii) 1,020,734 Company Series A-1 Preferred Shares were issued and outstanding, all of which have been duly authorized, validly issued, fully paid and non-assessable.

(b) There are no options, warrants, preemptive rights, conversion rights, redemption rights, share appreciation rights, repurchase rights, convertible debt, other convertible instruments or other rights, agreements, arrangements or commitments of any character issued by the Company relating to the issued or unissued share capital of the Company or obligating the Company to issue, transfer or sell or cause to be issued, transferred or sold any Equity Securities of the Company or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Company and no securities or obligations evidencing such rights are authorized, issued or outstanding. Except as otherwise provided in this Agreement, there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any Equity Securities of the Company. The Company has not issued and does not have outstanding any bonds, debentures, notes or other obligations that provide the holders thereof with the right to vote (or are convertible into or exchangeable or exercisable for securities having the right to vote) on any matter on which the shareholders of the Company may vote.

(c) The Sellers have furnished or otherwise made available to the Purchaser prior to the date of this Agreement a true and correct capitalization table that sets forth the following information with respect to the Company's Equity Securities (including all the Company Ordinary Shares Equivalents) outstanding as of the date hereof: the numbers, percentages, holders, issue prices, conversion prices and applicable Preferred Shares Conversion Ratios of the Equity Securities of the Company. All of the Company Preferred Shares are not subject to any outstanding adjustment to the conversion price or the applicable Preferred Shares Conversion Ratios set forth in the foregoing capitalization table provided by the Company, or the holder's outstanding rights (which are not waived) to request any of such adjustment.

(d) Except for preemptive rights as may be applicable to shares of the Company's Subsidiaries incorporated in the PRC pursuant to applicable PRC Law, there are no options, warrants, convertible debt, other convertible instruments or other rights, agreements, arrangements or commitments of any character issued by any Group Company relating to the issued or unissued share capital of any Subsidiary or obligating any Subsidiary to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or other securities of any Subsidiary or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of any Subsidiary and no securities or obligations evidencing such rights are authorized, issued or outstanding. The outstanding share capital or registered capital, as the case may be, of each of the Company's Subsidiaries is duly authorized, validly issued, fully paid and non-assessable, and the portion of the outstanding share capital or registered capital, as the case may be, of each of the Company's Subsidiaries that is owned by any Group Company is owned by such Group Company free and clear of all Liens (other than Permitted Liens). Subject to limitations imposed by applicable Law and the applicable constitutional documents, such Group Company has the unrestricted right to vote and to receive dividends and distributions on all such equity securities held by the relevant Group Company in such Subsidiary. Except as otherwise provided in this Agreement, there are no outstanding contractual obligations of any Group Company to repurchase, redeem or otherwise acquire any Equity Securities of any Group Company.

Section 3.04 Authority Relative to This Agreement; Fairness. Each Seller has the requisite corporate power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, including the Acquisition (the "**Transactions**"). The execution, delivery and performance by each Seller of the Transaction Documents and the consummation by such Seller of the Transactions have been duly authorized by all necessary corporate action on the part of such Seller. This Agreement has been duly and validly executed and delivered by each Seller and, assuming the due authorization, execution and delivery by the Purchaser, constitutes a legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity (the "**Bankruptcy and Equity Exception**").

Section 3.05 No Conflict; Required Filings and Consents.

(a) The execution and delivery of the Transaction Documents by each Seller do not, and the performance of the Transaction Documents by such Seller and the consummation of the Transactions will not, (i) conflict with or violate the memorandum and articles of association or equivalent organizational documents of such Seller, (ii) conflict with or violate any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or other order (the "**Laws**") applicable to such Seller or by which any property or asset of such Seller is bound or affected, or (iii) violate, conflict with, require consent under, result in any breach of, result in loss of benefit under, or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of such Seller pursuant to, any Contract to which such Seller is a party or by which its properties or assets are bound, except, with respect to clauses (ii) and (iii), for any such conflict, violation, breach, default, right or other occurrence that would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay, or be reasonably be expected to prevent or materially impair or delay, the consummation of the Acquisition or other Transactions.

(b) The execution and delivery of the Transaction Documents by each Seller do not, and the performance of the Transaction Documents by such Seller and the consummation by such Seller of the Transactions will not, require any consent, approval, authorization or permit of, or filing with or notification to, any nation or government, any agency, public or regulatory authority, instrumentality, department, commission, court, arbitrator, ministry, tribunal or board of any nation or government or political subdivision thereof, in each case, whether foreign or domestic and whether national, supranational, federal, provincial, state, regional, local or municipal (each, a “**Governmental Authority**”), except any such consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay, or be reasonably be expected to prevent or materially impair or delay, the consummation of the Acquisition or other Transactions.

Section 3.06 Permits; Compliance with Laws.

(a) Each Group Company is in possession of all material franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals and orders of any Governmental Authority necessary for it to own, lease, operate and use its properties and assets or to carry on its business as it is now being conducted (the “**Material Company Permits**”). As of the date hereof, no suspension or cancellation of any of the Material Company Permits is pending or, to the knowledge of the Sellers, threatened. All such Material Company Permits are valid and in full force and effect. Each Group Company is in compliance, in all material respects, with the terms of the Material Company Permits. Without limiting the generality of the foregoing, all approvals, filings and registrations and other requisite formalities with Governmental Authorities in the People’s Republic of China (the “**PRC**”) that are material to the Group Companies, taken as a whole, and are required to be obtained or made in respect of each Group Company incorporated in the PRC with respect to its capital structure and operations as it is now being conducted, including, but not limited to, if so material, the approvals of and registrations with the State Administration for Industry and Commerce, the Ministry of Commerce, the National Development and Reform Commission, the State Administration of Foreign Exchange (“**SAFE**”) and the State Administration of Taxation, and their respective local counterparts, have been duly completed in accordance with applicable PRC Laws.

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, no Group Company is in default, breach or violation of any Law applicable to it (including (i) any Laws applicable to its business, and (ii) any Laws related to the protection of personal data) or by which any of its properties or assets are bound. No Group Company has received any written notice or communication from any Governmental Authority or stock exchange of any non-compliance with any applicable Laws or listing rules or regulations that has not been cured or of which the statute of limitation has not lapsed except for such investigations, charges, assertions, reviews or notifications of violations the outcome of which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(c) No Group Company or, to the knowledge of the Sellers, any agent, director, officer, employee or other person acting on behalf of any Group Company, has, in the course of its actions for, or on behalf of, a Group Company (i) made or given any bribe, rebate, payoff, influence payment, kickback or any other type of payment, that would violate any Anticorruption Law or (ii) made an offer to pay, a promise to pay or a payment or transfer of money or anything else of value, or an authorization of such offer, promise, payment or transfer, directly or indirectly, to any Government Official for the purpose of (A) influencing any act or decision of such Government Official in his official capacity, (B) inducing such Government Official to do or omit to do any act in violation of his lawful duties, (C) securing any improper advantage or (D) inducing such Government Official to influence any act or decision of any Governmental Authority.

(d) The Company has complied in all material respects with the reporting and/or registration requirements of SAFE Circular 37, SAFE Circular 75, SAFE Circular 78 or any other applicable SAFE rules and regulations (collectively, the “**SAFE Rules and Regulations**”). As of the date hereof, the Company has not received any written inquiries, notifications, orders or any other forms of official written correspondence from SAFE or any of its local branches with respect to any actual or alleged material non-compliance with the SAFE Rules and Regulations by such holders or beneficial owners.

Section 3.07 Financial Statements.

(a) Each of the consolidated financial statements (including, in each case, any notes thereto) of the Company was prepared in accordance with the United States generally accepted accounting principles (as amended from time to time, “**GAAP**”) applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and each fairly presents, in all material respects, the consolidated financial position, results of operations, changes in shareholders’ equity and cash flows of the Company and its Subsidiaries as at the respective dates thereof and for the respective periods indicated therein, in each case in accordance with GAAP except as may be noted therein.

(b) Except as and to the extent set forth on the Company’s audited, consolidated financial statements for the financial year ended December 31, 2019 and the Company’s reviewed, consolidated financial statements for the six months ended June 30, 2020, no Group Company has outstanding (i) any Indebtedness or any commitments therefor, or (ii) any other liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) that are required in accordance with GAAP to be disclosed or reflected on or reserved against the consolidated financial statements of the Company and its Subsidiaries, except for liabilities or obligations (A) in the total amount of no more than US\$1,000,000 and incurred in the ordinary course of business consistent with past practice since December 31, 2019, or (B) incurred pursuant to this Agreement or in connection with the Transactions.

Section 3.08 Absence of Certain Changes or Events. Since December 31, 2019, except as expressly contemplated by this Agreement, each Group Company has conducted business in all material respects in the ordinary course, and there has not been (a) any Company Material Adverse Effect; (b) any declaration, setting aside or payment of any dividend or other distribution in cash, stock, property or otherwise in respect of any Group Company’s Equity Securities, except for any dividend or distribution by a Group Company to another Group Company; (c) any redemption, repurchase or other acquisition of any Equity Securities of any Group Company by a Group Company; (d) any material change by the Company in its accounting principles, except as may be appropriate to conform to changes in statutory or regulatory accounting rules or GAAP or regulatory requirements with respect thereto; or (e) any material Tax election made by the Company or any of its Subsidiaries or any settlement or compromise of any material Tax liability by the Company or any of its Subsidiaries, other than in the ordinary course of business.

Section 3.09 Absence of Litigation. There is no litigation, hearing, suit, claim, action, proceeding or investigation (an “**Action**”) pending or, to the knowledge of the Sellers, threatened against any Group Company, or any share, security, equity interest, property or asset of any Group Company, before any Governmental Authority which (i) has or would reasonably be expected to have a Company Material Adverse Effect, or (ii) as of the date hereof, has enjoined, restrained, prevented or materially delayed, or would reasonably be expected to enjoin, restrain, prevent or materially delay, the consummation of the Acquisition. No Group Company, nor any property or asset of any Group Company is subject to any continuing order of, consent decree, settlement agreement or other similar written agreement with, or, to the knowledge of the Sellers, continuing investigation by, any Governmental Authority, or any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority.

Section 3.10 Employee Benefit Plans.

(a) The Sellers have furnished or otherwise made available to the Purchaser prior to the date of this Agreement an accurate and complete list of each material Company Employee Plan, other than any Company Employee Plan mandated by applicable Law to which the sole liability of the Company and its Subsidiaries is to make contributions required by Law including plans or programs maintained by a Governmental Authority requiring the payment of social insurance taxes or similar contributions by the Company or its Subsidiaries to a fund of a Governmental Authority with respect to wages of an employee. With respect to each material Company Employee Plan, the Sellers has made available to the Purchaser, to the extent applicable, (i) copies of each such Company Employee Plan document, including all material amendments thereto, and all related trust documents, (ii) if such Company Employee Plan is not in written form, a written description of such Company Employee Plan and any material written interpretations thereof that have previously been provided or made available to employees, (iii) the most recently prepared actuarial report, and (iv) all material correspondence to or from any Governmental Authority received in the last three (3) years with respect to any such Company Employee Plan.

(b) Each material Company Employee Plan has, in all material respects, been established, operated and maintained in compliance with its terms and with applicable Law (including any special provisions relating to qualified plans where such Company Employee Plan was intended so to qualify).

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) all contributions or other amounts payable by a Group Company with respect to each Company Employee Plan in respect of current or prior plan years have been paid or accrued in accordance with generally accepted accounting principles, and (ii) there are no claims (other than for benefits incurred in the ordinary course) or Actions pending, or, to the knowledge of the Sellers, threatened against any Company Employee Plan or against the assets of any Company Employee Plan which could reasonably be expected to result in any liability to the Company or any of its Subsidiaries.

(d) Except as expressly provided under this Agreement, neither the execution of this Agreement, shareholder approval of this Agreement, nor the consummation of the Transactions alone (whether alone or in connection with any additional or subsequent events such as a termination of employment), will (i) entitle any current or former director, employee or consultant of any Group Company to material compensation in the form of a severance payment or similar payment, (ii) accelerate the time of payment or vesting or result in any payment or funding of compensation or benefits under, increase the amount payable or result in any other obligation pursuant to, any of the Company Employee Plans, or (iii) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Company Employee Plan on or following the Closing, other than in the case of (i) and (ii), continued coverage under applicable Company Employee Plans for a specified duration no longer than twelve months upon any resignation or termination following the consummation of the Transaction.

Section 3.11 Labor and Employment Matters.

(a) Neither the Company nor any of its Subsidiaries is a party to or bound by any collective bargaining agreement, trade union, works council or other labor union Contract applicable to persons employed by it, and, to the knowledge of the Sellers, there are no organizational campaigns, petitions or other unionization activities seeking recognition of a collective bargaining unit relating to any employee of any Group Company. There are no unfair labor practice complaints pending or, to the knowledge of the Sellers, threatened against any Group Company before any Governmental Authority and, as of the date hereof, there is no organized strike, slowdown, work stoppage or lockout, or similar activity currently occurring or, to the knowledge of the Sellers, threatened against or involving any Group Company.

(b) Each Group Company (i) is in compliance with all applicable Laws relating to employment and employment practices, including those related to wages, work hours, shifts, overtime, holidays and leave, collective bargaining terms and conditions of employment and the payment and withholding of Taxes and other sums as required by the appropriate Governmental Authority and (ii) is not liable for any arrears of wages, Taxes, penalties or other sums for failure to comply with any of the foregoing. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (A) there is no claim with respect to payment of wages, salary or overtime pay that is now pending or, to the knowledge of the Sellers, threatened before any Governmental Authority with respect to any persons currently or formerly employed by any Group Company, (B) there is no charge or proceeding with respect to a violation of any occupational safety or health standards that is now pending or, to the knowledge of the Sellers, threatened with respect to any Group Company and (C) there is no charge of discrimination in employment or employment practices for any reason, including, age, gender, race, religion or other legally protected category, that is now pending or, to the knowledge of the Sellers, threatened against any Group Company before any Governmental Authority in any jurisdiction in which any Group Company has employed or currently employs any person.

Section 3.12 Real Property; Title to Assets.

(a) Except as would not be material to the Company and its Subsidiaries, taken as a whole, with respect to each Owned Real Property: (i) the relevant Group Company has good and marketable title, validly granted land use rights or building ownership rights, as applicable, to such Owned Real Property, free and clear of all Liens, except Permitted Liens, (ii) no Group Company has leased or otherwise granted to any person the right to use or occupy such Owned Real Property or any portion thereof, (iii) there are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein, and (iv) the relevant Group Company is the only party in possession of such Owned Real Property. No Group Company is a party to any Contract, agreement or option to purchase any material real property or interest therein. The land use rights relating to the Owned Real Property have been obtained from a competent Governmental Authority in compliance in all material respects with applicable PRC Law, all amounts (including, if applicable, land grant premiums) required under applicable Law in connection with securing such title or land use rights have been paid in full and such land use rights are not subject to any restrictions that would materially interfere with the operation of the Group Companies as currently conducted as of the date hereof. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (1) the relevant Group Company has duly complied in all respects with all of the terms and conditions of, and all of its obligations under, the relevant land use rights contract or real property purchase contract in relation to any Owned Real Property owned by it (including the obligations to develop the land in accordance with the schedules provided under relevant land grant contracts), (2) the Owned Real Property remains in conformity with all applicable building codes and standards, fire prevention, safety, planning or zoning Law, and (3) no Group Company has been subject to any fine or other penalty imposed by any Governmental Authority (including any penalty imposed due to idleness of land or failure to develop the land in accordance with the schedules provided under relevant land grant contracts).

(b) With respect to the Lease for each Leased Real Property: (i) such Lease is legal, valid, binding, enforceable and in full force and effect, subject to the Bankruptcy and Equity Exception, (ii) to the knowledge of the Sellers, there are no disputes with respect to such Lease and (iii) neither any Group Company nor, to the knowledge of the Sellers, any other party to the Lease is in breach or default under such Lease, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease.

(c) The Company and its Subsidiaries have good and marketable title to, or a valid and binding leasehold interest in, all other properties and assets (excluding Owned Real Property, Leased Real Property and Intellectual Property) that are material to the business of the Company and its Subsidiaries taken as a whole, in each case free and clear of all Liens, except Permitted Liens.

Section 3.13 Intellectual Property.

(a) The Company and its Subsidiaries have valid and enforceable rights to use all Intellectual Property used in, or necessary to conduct, the business of the Company or its Subsidiaries as it is currently conducted (the "*Company Intellectual Property*"), free and clear of all Liens (other than Permitted Liens).

(b) Since January 1, 2018, neither the Company nor any of its Subsidiaries has received written notice of any Action, and, to the knowledge of the Sellers, no Action is threatened, that the Company or any of its Subsidiaries, or the business or activities conducted by them (including the commercialization and exploitation of its products and services), is infringing, misappropriating, or otherwise violating or has infringed, misappropriated or otherwise violated any Intellectual Property right of any person, including any demands or unsolicited offers to license any Intellectual Property. Neither the Company nor any of its Subsidiaries nor the business or activities conducted by the Company or any of its Subsidiaries (including the commercialization and exploitation of their products and services) infringes, misappropriates or otherwise violates or, since January 1, 2018, has infringed, misappropriated or otherwise violated any Intellectual Property rights of any person. To the knowledge of the Sellers, no person is currently infringing, misappropriating or otherwise violating or, since January 1, 2018, has infringed, misappropriated or otherwise violated, any Intellectual Property owned by the Company or any of its Subsidiaries.

(c) There are no pending or, to the knowledge of the Sellers, threatened Actions by any person challenging the validity or enforceability of, or the use or ownership by the Company or any of its Subsidiaries of, any of the Intellectual Property owned by the Company or its Subsidiaries.

(d) All current or former officers, employees, consultants or contractors of the Company and its Subsidiaries who have participated in the creation or development of Intellectual Property in the course of their employment, engagement or contract with the Company or any of its Subsidiaries have executed and delivered to the Company or such Subsidiary written agreements (i) providing for the non-disclosure by such person of confidential information and (ii) providing for the assignment by such person to the Company or such Subsidiary of any Intellectual Property developed or arising out of such person's employment by, engagement by or contract with the Company or such Subsidiary of the Company.

(e) The collection, use and dissemination of any and all data and information concerning individuals by each Group Company is and will be, immediately following the Closing, in compliance in all respects with all applicable privacy policies, terms of use, other data-related agreements and all applicable Laws.

(f) The Company and its Subsidiaries have taken all actions reasonably necessary to maintain and protect each item of Intellectual Property that they own, including all trade secrets and other know-how or confidential or proprietary information (together, the "**Trade Secrets**") that are owned by any Group Company. To the knowledge of the Sellers, none of the Group Companies' Trade Secrets have been disclosed to any Third Party except pursuant to valid and appropriate written non-disclosure agreements or license agreements or pursuant to obligations to maintain confidentiality arising by operation of Law. Immediately subsequent to the Closing, the Company Intellectual Property shall be owned by or available for use by the Company and its Subsidiaries on terms and conditions identical to those under which the Company and its Subsidiaries owned or used the Company Intellectual Property immediately prior to the Closing.

(g) The Company IT Assets are: (A) adequate and sufficient for the operation of the Company's and its Subsidiaries' business; and (B) to the knowledge of the Sellers, are free from any defects, viruses, worms and other malware. The Company and its Subsidiaries have implemented backup, security and disaster recovery measures and technology consistent with best industry practices in the PRC. Since January 1, 2018, the Company IT Assets have not failed in any respect, and to the knowledge of Sellers, (i) no person has gained unauthorized access to any Company IT Assets and (ii) the data that the Company IT Assets process or produce with respect to the businesses of the Company and its Subsidiaries have not been corrupted or compromised in any respect.

(h) None of the Intellectual Property owned by any Group Company is subject to any Contract or other obligation as a result of any funding or support from, or any arrangement with, any Governmental Authority.

(i) No Group Company is a party to or bound by any Contract that grants or purports to grant, as a result of the consummation of the Transactions, a license or covenant not to sue under any Intellectual Property of the Purchaser or any of its Affiliates (other than the Group Companies).

Section 3.14 Taxes.

(a) Each Group Company has duly filed all material Tax returns and reports required to be filed by it and has paid and discharged all Taxes required to be paid or discharged, other than such payments as are being contested in good faith by appropriate proceedings and for which adequate reserves have been established on the Company's financial statements in accordance with GAAP. All such Tax returns are true, accurate and complete in all material respects. No Governmental Authority is asserting in writing or, to the knowledge of the Sellers, threatening to assert against any Group Company any material deficiency or claim for any Taxes. No Group Company has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any material Tax.

(b) No audit or other examination or administrative, judicial or other proceeding of, or with respect to, any material Tax return or material Taxes of any Group Company is currently in progress, and no Group Company has been notified of any written request for, or, to the knowledge of the Sellers, any threat of, such an audit or other examination or administrative, judicial or other proceeding. No written claim has been made by any Governmental Authority in a jurisdiction where a Group Company does not file Tax returns that such Group Company is or may be subject to taxation by such jurisdiction.

(c) Neither the Company nor any of its Subsidiaries incorporated outside the PRC takes the position for tax purposes that it is a "*resident enterprise*" of the PRC or tax resident in any jurisdiction other than its jurisdiction of formation.

(d) Each Group Company has, in accordance with applicable Law, duly registered with the relevant Governmental Authority, obtained and maintained the validity of all national and local tax registration certificates and complied in all material respects with all requirements imposed by such Governmental Authorities. Each submission made by or on behalf of any Group Company to any Governmental Authority in connection with obtaining Tax exemptions, Tax holidays, Tax deferrals, Tax incentives or other preferential Tax treatments or Tax rebates was accurate and complete in all material respects. As of the date hereof, no suspension, revocation or cancellation of any Tax exemptions, preferential treatments or rebates is pending or, to the knowledge of the Sellers, threatened.

(e) The Company and its Subsidiaries have complied in all material respects with all applicable Laws relating to the withholding and payment over to the appropriate Governmental Authority of all Taxes required to be withheld by the Company or any of its Subsidiaries.

Section 3.15 No Secured Creditors. The Company does not have any secured creditors holding a fixed or floating security interest.

Section 3.16 Company Material Contracts. Each material Contract to which a Group Company is a party (a "*Company Material Contract*") is a legal, valid and binding obligation of such Group Company and to the knowledge of the Sellers, the other parties thereto, in each case subject to the Bankruptcy and Equity Exception. Neither any Group Company nor, to the knowledge of the Sellers and as of the date hereof, any other party thereto, is in breach or violation of, or default under, any Company Material Contract and no event has occurred or not occurred through any Group Company's action or inaction or, to the knowledge of the Sellers, the action or inaction of any Third Party, that with notice or lapse of time or both would constitute a breach or violation of, or default under, any Company Material Contract. No Group Company has received any written claim or notice of default, termination or cancellation under any Company Material Contract.

Section 3.17 Environmental Matters. (i) Each Group Company is in compliance with all applicable Environmental Law and has obtained and possesses all permits, licenses and other authorizations (including environmental assessment reports, and construction project verification reports that are required under applicable PRC Law) currently required for their establishment and their operation under any Environmental Law (the "*Environmental Permits*"), and all such Environmental Permits are in full force and effect, (ii) no property currently or formerly owned or operated by any Group Company has been contaminated with or is releasing any Hazardous Substance in a manner that would reasonably be expected to require remediation or other action pursuant to any Environmental Law, (iii) no Group Company has received any notice, demand, letter, claim or request for information alleging that any Group Company is in violation of or liable under any Environmental Law, which remains unresolved, and (iv) no Group Company is subject to any order, decree or injunction with any Governmental Authority or agreement with any Third Party concerning liability under any Environmental Law or relating to Hazardous Substances.

Section 3.18 Insurance. (a) All insurance policies and all self-insurance programs and arrangements relating to the business, assets, liabilities and operations of the Company and its Subsidiaries are in full force and effect, (b) the Sellers have no reason to believe that the Company or any of its Subsidiaries will not be able to (i) renew its existing insurance policies as and when such policies expire or (ii) obtain comparable coverage from comparable insurers as may be necessary to continue its business without a significant increase in cost and (c) neither the Company nor any of its Subsidiaries has received any written notice of any threatened termination of, premium increase with respect to, or alteration of coverage under, any of its respective insurance policies.

Section 3.19 Anti-Takeover Provisions. The Company is not a party to a shareholder rights agreement or “poison pill” or similar agreement or plan. No “business combination,” “fair price,” “moratorium,” “control share acquisition” or other similar anti-takeover statute or regulation (each, a “**Takeover Statute**”) is applicable to the Company, the Company Shares, the Acquisition or the other Transactions.

Section 3.20 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of the Company.

Section 3.21 Solvency. The Company and its Subsidiaries will be solvent at and immediately after the Closing, as such term is used under the Laws of the Cayman Islands.

Section 3.22 Independent Investigation. The Sellers have conducted their own independent investigation, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of each Purchaser Group Company, which investigation, review and analysis was performed by the Sellers, their Affiliates and their respective Representatives. Each Seller acknowledges that as of the date hereof, it, its Affiliates and their respective Representatives have been provided adequate access to the personnel, properties, facilities and records of the Purchaser and its Subsidiaries for such purpose. In entering into this Agreement, each Seller acknowledges that it has relied solely upon the aforementioned investigation, review and analysis and not on any statements, representations or opinions of any of the Purchaser, its Affiliates or their respective Representatives (except the representations, warranties, covenants and agreements of the Purchaser set forth in this Agreement and in any certificate delivered pursuant to this Agreement).

Section 3.23 Non-Reliance on Purchaser Estimates. In connection with the due diligence investigation of the Purchaser by the Sellers, their Affiliates and their respective Representatives, the Sellers, their Affiliates and their respective Representatives have received and may continue to receive from the Purchaser, its Subsidiaries and/or their respective Affiliates and Representatives certain estimates, projections and other forecasts, as well as certain business plan information, regarding the Purchaser, its Subsidiaries and their business and operations. Each Seller hereby acknowledges and agrees that these estimates, projections, forecasts and information and the assumptions on which they are based were prepared for specific purposes and may vary significantly from each other. Further, each Seller acknowledges and agrees (a) that there are uncertainties inherent in attempting to make such estimates, projections and forecasts, as well as in such business plans, (b) that such Seller is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and forecasts, as well as such business plans, so furnished to them (including the reasonableness of the assumptions underlying such estimates, projections, forecasts or business plans), and (c) that such Seller is not relying on any estimates, projections, forecasts or business plans furnished by the Purchaser, its Subsidiaries or their respective Affiliates and Representatives, and such Seller shall not, and shall cause its Affiliates and their respective Representatives not to, hold any such person liable with respect thereto, other than fraud in connection therewith; provided that nothing contained in this Section 3.23 shall be deemed to limit in any way the representations and warranties of the Purchaser set forth in this Agreement.

Section 3.24 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III, the Purchaser acknowledges that none of the Sellers nor any other person on behalf of such Seller makes any other express or implied representation or warranty with respect to any Group Company or with respect to any other information provided to the Purchaser, its Affiliates or their respective Representatives. None of the Sellers nor any other person will have or be subject to any liability to the Purchaser or any other person resulting from the distribution to the Purchaser or its use of, any such information, including any information, documents, projections, forecasts or other material made available to the Purchaser in management presentations in expectation of the Transactions, unless and to the extent such information is expressly included in the representations and warranties contained in this Article III.

Section 3.25 Full Disclosure. The Sellers have provided the Purchaser with all the information that the Purchaser and its Representatives have requested for deciding whether to consummate the Transactions. None of the Transaction Documents nor any other statements or certificates or other materials made or delivered, or to be made or delivered, to the Purchaser in connection herewith or therewith, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading. No representation or warranty by the Sellers in the Transaction Documents and no information or materials provided to the Purchaser in connection with its due diligence investigation of any Group Company or the negotiation and execution of the Transaction Documents, taken as a whole, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstances in which they are made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Except as set forth in the Purchaser SEC Reports filed or furnished prior to the date of this Agreement, the Purchaser hereby represents and warrants to the Sellers as of the date hereof and as of the Closing Date that:

Section 4.01 Corporate Organization.

(a) The Purchaser is an exempted company duly incorporated, validly existing and in good standing under the Laws of the Cayman Islands. Each of the Purchaser's Subsidiaries is a legal entity duly organized or formed, validly existing and in good standing (to the extent the relevant jurisdiction recognizes such concept of good standing) under the Laws of the jurisdiction of its organization or formation, and each Purchaser Group Company has the requisite corporate or similar power and authority and all necessary governmental approvals to own, lease, operate and use its properties and assets and to carry on its business as it is now being conducted. Each Purchaser Group Company is duly qualified or licensed to do business, and is in good standing (to the extent the relevant jurisdiction recognizes such concept of good standing), in each jurisdiction where the character of the properties and assets owned, leased, operated or used by it or the nature of its business makes such qualification or licensing necessary.

(b) Other than the Purchaser Group Companies, there are no other corporations, associations, or other persons that are legal entities that are material to the business of the Purchaser Group Companies, taken as a whole, through which the Purchaser Group Companies conduct business and in which any Purchaser Group Company owns, of record or beneficially, any direct or indirect equity or other interest or right (contingent or otherwise) to acquire the same, and none of the Purchaser Group Companies is a participant in (nor is any part of their businesses conducted through) any joint venture, partnership or similar arrangement that is material to the business of the Purchaser Group Companies, taken as a whole.

Section 4.02 Memorandum and Articles of Association. The Purchaser has heretofore made available to the Sellers complete and correct copies of the memorandum and articles of association of the Purchaser and each Subsidiary of the Purchaser, each as amended to date, and each as so delivered is in full force and effect. Such memorandum and articles of association or equivalent organizational documents are in full force and effect as of the date hereof. Neither the Purchaser nor any Subsidiary of the Purchaser is in violation of any of the provisions of its memorandum and articles of association or equivalent organizational documents in any material respect.

Section 4.03 Capitalization.

(a) The authorized share capital of the Purchaser is US\$50,000 divided into 500,000,000 ordinary shares of a par value of US\$0.0001 each (the "**Purchaser Shares**," and each, a "**Purchaser Share**"), of which 6,000 Purchaser Shares have been designated as Series A Convertible Preferred Shares ("**Purchaser Preferred Shares**"). As of the date hereof, 65,132,149 Purchaser Shares are issued and outstanding, all of which have been duly authorized, validly issued, fully paid and non-assessable, and (ii) 3,000 Purchaser Preferred Shares are issued and outstanding, all of which have been duly authorized, validly issued, fully paid and non-assessable and are convertible into 1,000,000 Purchaser Shares. Each Purchaser Option was duly authorized by all necessary corporate action, and such grant was made in compliance with the terms of the Purchaser Equity Incentive Plan and with all applicable Laws. All Shares subject to issuance under Purchaser Options, upon the vesting and/or settlement and issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and non-assessable.

(b) Except for the Purchaser Options referred to in Section 4.03(a) and except as disclosed in the Purchaser SEC Reports, there are no options, warrants, preemptive rights, conversion rights, redemption rights, share appreciation rights, repurchase rights, convertible debt, other convertible instruments or other rights, agreements, arrangements or commitments of any character issued by the Purchaser relating to the issued or unissued share capital of the Purchaser or obligating the Purchaser to issue, transfer or sell or cause to be issued, transferred or sold any Equity Securities of the Purchaser or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of the Purchaser and no securities or obligations evidencing such rights are authorized, issued or outstanding. Except as otherwise provided in this Agreement or in connection with (A) the exercise of any Purchaser Options in accordance with the Purchaser Equity Incentive Plan, (B) the withholding of Purchaser securities to satisfy tax obligations with respect to Purchaser Options, (C) the acquisition by the Purchaser of its securities in connection with the forfeiture of Purchaser Options, or (D) the acquisition by the Purchaser of its securities in connection with the net exercise of Purchaser Options in accordance with the terms thereof, there are no outstanding contractual obligations of the Purchaser to repurchase, redeem or otherwise acquire any Equity Securities of the Purchaser. The Purchaser has not issued and does not have outstanding any bonds, debentures, notes or other obligations that provide the holders thereof with the right to vote (or are convertible into or exchangeable or exercisable for securities having the right to vote) on any matter on which the shareholders of the Purchaser may vote.

(c) The Purchaser has furnished or otherwise made available to the Sellers prior to the date of this Agreement a true and correct capitalization table that sets forth the following information with respect to the Purchaser's Equity Securities (including Purchaser Options) outstanding as of the date hereof: (i) the numbers and percentages of the Equity Securities of the Purchaser; (ii) the number of Purchaser Shares subject to Purchaser Options and the number of Shares subject to Purchaser Options by exercise or purchase price; (iii) the vesting schedule and other vesting conditions (if any) of such Purchaser Options; and (iv) the date on which such number of Purchaser Options expire. Each grant of Purchaser Options outstanding as of the date of this Agreement has been evidenced by an award agreement entered into under the Purchaser Equity Incentive Plan that is substantially similar, in all material respects, to the forms of award agreements the Purchaser has made available to the Sellers. Except as otherwise provided in this Agreement, there are no commitments or agreements of any character to which any Purchaser Group Company is bound obligating such Purchaser Group Company to accelerate or otherwise alter the vesting of any Purchaser Option as a result of the Transactions.

(d) All Purchaser Shares subject to issuance upon due exercise of a Purchaser Option, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and non-assessable. the Purchaser has made available to the Sellers accurate and complete copies of (x) the Purchaser Equity Incentive Plan pursuant to which the Purchaser has granted the Purchaser Options that are currently outstanding, (y) the forms of award agreement evidencing such Purchaser Options and (z) award agreements evidencing such Purchaser Options with terms that are materially different from those set forth in the forms of award agreement.

(e) Except for preemptive rights as may be applicable to shares of the Purchaser's Subsidiaries incorporated in the PRC pursuant to applicable PRC Law, there are no options, warrants, convertible debt, other convertible instruments or other rights, agreements, arrangements or commitments of any character issued by any Purchaser Group Company relating to the issued or unissued share capital of any Subsidiary or obligating any Subsidiary to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or other securities of any Subsidiary or any securities or obligations convertible or exchangeable into or exercisable for, or giving any person a right to subscribe for or acquire, any securities of any Subsidiary and no securities or obligations evidencing such rights are authorized, issued or outstanding. The outstanding share capital or registered capital, as the case may be, of each of the Purchaser's Subsidiaries is duly authorized, validly issued, fully paid and non-assessable, and the portion of the outstanding share capital or registered capital, as the case may be, of each of the Purchaser's Subsidiaries that is owned by any Purchaser Group Company is owned by such Purchaser Group Company free and clear of all Liens (other than Permitted Liens). Subject to limitations imposed by applicable Law and the applicable constitutional documents, such Purchaser Group Company has the unrestricted right to vote and to receive dividends and distributions on all such equity securities held by the relevant Purchaser Group Company in such Subsidiary. Except as otherwise provided in this Agreement, there are no outstanding contractual obligations of any Purchaser Group Company to repurchase, redeem or otherwise acquire any Equity Securities of any Purchaser Group Company.

Section 4.04 Authority Relative to Transaction Documents; Fairness. The Purchaser has the requisite corporate power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by the Purchaser of the Transaction Documents and the consummation by the Purchaser of the Transactions have been duly authorized by the Purchaser Board, and no other corporate action on the part of the Purchaser is necessary to authorize the execution and delivery by the Purchaser of the Transaction Documents and the consummation by them of the Transactions. This Agreement has been duly and validly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery by the Sellers, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the Bankruptcy and Equity Exception.

Section 4.05 No Conflict; Required Filings and Consents.

(a) The execution and delivery of the Transaction Documents by the Purchaser do not, and the performance of the Transaction Documents by the Purchaser and the consummation of the Transactions will not, (i) conflict with or violate the memorandum and articles of association of the Purchaser or any equivalent organizational documents of any other Purchaser Group Company, (ii) assuming (solely with respect to performance of the Transaction Documents and consummation of the Transactions) that the matters referred to in Section 4.05(b) are complied with, conflict with or violate any Law applicable to any Purchaser Group Company or by which any property or asset of any Purchaser Group Company is bound or affected, or (iii) violate, conflict with, require consent under, result in any breach of, result in loss of benefit under, or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of any Purchaser Group Company pursuant to, any Contract to which any Purchaser Group Company is a party or by which any of their respective properties or assets are bound, except, with respect to clauses (ii) and (iii), for any such conflict, violation, breach, default, right or other occurrence that would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect or prevent or materially impair or delay, or be reasonably be expected to prevent or materially impair or delay, the consummation of the Acquisition or other Transactions.

(b) The execution and delivery of the Transaction Documents by the Purchaser do not, and the performance of the Transaction Documents by the Purchaser and the consummation by the Purchaser of the Transactions will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, except (i) for compliance with the applicable requirements of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the rules and regulations promulgated thereunder, (ii) for compliance with the rules and regulations of the Nasdaq Stock Market (the “**NASDAQ**”), (collectively, the “**Requisite Regulatory Approvals**”) and (iv) any such consent, approval, authorization, permit, action, filing or notification the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay, or be reasonably be expected to prevent or materially impair or delay, the consummation of the Acquisition or other Transactions.

Section 4.06 Permits; Compliance with Laws.

(a) Each Purchaser Group Company is in possession of all material franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals and orders of any Governmental Authority necessary for it to own, lease, operate and use its properties and assets or to carry on its business as it is now being conducted (the “**Material Purchaser Permits**”). As of the date hereof, no suspension or cancellation of any of the Material Purchaser Permits is pending or, to the knowledge of the Purchaser, threatened. All such Material Purchaser Permits are valid and in full force and effect. Each Purchaser Group Company is in compliance, in all material respects, with the terms of the Material Purchaser Permits. Without limiting the generality of the foregoing, all approvals, filings and registrations and other requisite formalities with Governmental Authorities in the PRC that are material to the Purchaser Group Companies, taken as a whole, and are required to be obtained or made in respect of each Purchaser Group Company incorporated in the PRC with respect to its capital structure and operations as it is now being conducted, including, but not limited to, if so material, the approvals of and registrations with the State Administration for Industry and Commerce, the Ministry of Commerce, the National Development and Reform Commission, the SAFE and the State Administration of Taxation, and their respective local counterparts, have been duly completed in accordance with applicable PRC Laws.

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, no Purchaser Group Company is in default, breach or violation of any Law applicable to it (including (i) any Laws applicable to its business, and (ii) any Laws related to the protection of personal data) or by which any of its properties or assets are bound. No Purchaser Group Company has received any written notice or communication from any Governmental Authority or stock exchange of any non-compliance with any applicable Laws or listing rules or regulations that has not been cured or of which the statute of limitation has not lapsed except for such investigations, charges, assertions, reviews or notifications of violations the outcome of which would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect.

(c) No Purchaser Group Company or, to the knowledge of the Purchaser, any agent, director, officer, employee or other person acting on behalf of any Purchaser Group Company, has, in the course of its actions for, or on behalf of, a Purchaser Group Company (i) made or given any bribe, rebate, payoff, influence payment, kickback or any other type of payment, that would violate any Anticorruption Law or (ii) made an offer to pay, a promise to pay or a payment or transfer of money or anything else of value, or an authorization of such offer, promise, payment or transfer, directly or indirectly, to any Government Official for the purpose of (A) influencing any act or decision of such Government Official in his official capacity, (B) inducing such Government Official to do or omit to do any act in violation of his lawful duties, (C) securing any improper advantage or (D) inducing such Government Official to influence any act or decision of any Governmental Authority.

(d) The Purchaser has complied in all material respects with the reporting and/or registration requirements of the SAFE Rules and Regulations, with respect to the registration of the Purchaser Equity Incentive Plan with the Governmental Authorities in the PRC. As of the date hereof, the Purchaser has not received any written inquiries, notifications, orders or any other forms of official written correspondence from SAFE or any of its local branches with respect to any actual or alleged material non-compliance with the SAFE Rules and Regulations by such holders or beneficial owners.

Section 4.07 SEC Filings; Financial Statements.

(a) The Purchaser has filed or furnished, as the case may be, all forms, reports and other documents required to be filed with or furnished to the SEC by the Purchaser pursuant to the Securities Act and the Exchange Act (the “**Purchaser SEC Reports**”). As of the date of filing, in the case of Purchaser SEC Reports filed pursuant to the Exchange Act (and to the extent such Purchaser SEC Reports were amended, then as of the date of filing of such amendment), and as of the date of effectiveness in the case of Purchaser SEC Reports filed pursuant to the Securities Act of 1933, as amended (the “**Securities Act**”) (and to the extent such Purchaser SEC Reports were amended, then as of the date of effectiveness of such amendment), the Purchaser SEC Reports (i) complied as to form in all material respects with either the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations promulgated thereunder, each as in effect on the date so filed or effective, and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading as of its filing date or effective date (as applicable).

(b) Each of the consolidated financial statements (including, in each case, any notes thereto) contained in or incorporated by reference into the Purchaser SEC Reports was prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and each fairly presents, in all material respects, the consolidated financial position, results of operations, changes in shareholders’ equity and cash flows of the Purchaser and its Subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited interim statements, to normal year-end audit adjustments which are not material in the aggregate and the exclusion of certain notes in accordance with the rules of the SEC relating to unaudited financial statements), in each case in accordance with GAAP except as may be noted therein.

(c) Except as and to the extent set forth in the Purchaser SEC Reports, no Purchaser Group Company has outstanding (i) any Indebtedness or any commitments therefor, or (ii) any other liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) that are required in accordance with GAAP to be disclosed or reflected on or reserved against the consolidated financial statements of the Purchaser and its Subsidiaries, except for liabilities or obligations (A) incurred in the ordinary course of business consistent with past practice since December 31, 2019, (B) incurred pursuant to this Agreement or in connection with the Transactions, or (C) which do not, or would not reasonably be expected to, have a Purchaser Material Adverse Effect.

Section 4.08 Absence of Certain Changes or Events. Since December 31, 2019, except as expressly contemplated by this Agreement, each Purchaser Group Company has conducted business in all material respects in the ordinary course, and there has not been (a) any Purchaser Material Adverse Effect; (b) any declaration, setting aside or payment of any dividend or other distribution in cash, stock, property or otherwise in respect of any Purchaser Group Company’s Equity Securities, except for any dividend or distribution by a Purchaser Group Company to another Purchaser Group Company; (c) any redemption, repurchase or other acquisition of any Equity Securities of any Purchaser Group Company by a Purchaser Group Company (other than repurchase of Shares to satisfy obligations under the Purchaser Equity Incentive Plan or other similar plans or arrangements including the withholding of Shares in connection with the exercise of Purchaser Options in accordance with the terms and conditions of such Purchaser Options); (d) any material change by the Purchaser in its accounting principles, except as may be appropriate to conform to changes in statutory or regulatory accounting rules or GAAP or regulatory requirements with respect thereto; or (e) any material Tax election made by the Purchaser or any of its Subsidiaries or any settlement or compromise of any material Tax liability by the Purchaser or any of its Subsidiaries, other than in the ordinary course of business.

Section 4.09 Absence of Litigation. There is no Action pending or, to the knowledge of the Purchaser, threatened against any Purchaser Group Company, or any share, security, equity interest, property or asset of any Purchaser Group Company, before any Governmental Authority which (i) has or would reasonably be expected to have a Purchaser Material Adverse Effect, or (ii) as of the date hereof, has enjoined, restrained, prevented or materially delayed, or would reasonably be expected to enjoin, restrain, prevent or materially delay, the consummation of the Acquisition. No Purchaser Group Company, nor any property or asset of any Purchaser Group Company is subject to any continuing order of, consent decree, settlement agreement or other similar written agreement with, or, to the knowledge of the Purchaser, continuing investigation by, any Governmental Authority, or any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority.

Section 4.10 Employee Benefit Plans.

(a) The Purchaser has furnished or otherwise made available to the Sellers prior to the date of this Agreement an accurate and complete list of each material Purchaser Employee Plan, any Purchaser Employee Plan mandated by applicable Law to which the sole liability of the Purchaser and its Subsidiaries is to make contributions required by Law including plans or programs maintained by a Governmental Authority requiring the payment of social insurance taxes or similar contributions by the Purchaser or its Subsidiaries to a fund of a Governmental Authority with respect to wages of an employee. With respect to each material Purchaser Employee Plan, the Purchaser has made available to the Sellers, to the extent applicable, (i) copies of each such Purchaser Employee Plan document, including all material amendments thereto, and all related trust documents, (ii) if such Purchaser Employee Plan is not in written form, a written description of such Purchaser Employee Plan and any material written interpretations thereof that have previously been provided or made available to employees, (iii) the most recently prepared actuarial report, and (iv) all material correspondence to or from any Governmental Authority received in the last three (3) years with respect to any such Purchaser Employee Plan.

(b) Each material Purchaser Employee Plan has, in all material respects, been established, operated and maintained in compliance with its terms and with applicable Law (including any special provisions relating to qualified plans where such Purchaser Employee Plan was intended so to qualify).

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, (i) all contributions or other amounts payable by a Purchaser Group Company with respect to each Purchaser Employee Plan in respect of current or prior plan years have been paid or accrued in accordance with generally accepted accounting principles, and (ii) there are no claims (other than for benefits incurred in the ordinary course) or Actions pending, or, to the knowledge of the Purchaser, threatened against any Purchaser Employee Plan or against the assets of any Purchaser Employee Plan which could reasonably be expected to result in any liability to the Purchaser or any of its Subsidiaries.

(d) Except as expressly provided under this Agreement, neither the execution of this Agreement, shareholder approval of this Agreement, nor the consummation of the Transactions alone (whether alone or in connection with any additional or subsequent events such as a termination of employment), will (i) entitle any current or former director, employee or consultant of any Purchaser Group Company to material compensation in the form of a severance payment or similar payment, (ii) accelerate the time of payment or vesting or result in any payment or funding of compensation or benefits under, increase the amount payable or result in any other obligation pursuant to, any of the Purchaser Employee Plans, or (iii) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Purchaser Employee Plan on or following the Closing, other than in the case of (i) and (ii), continued coverage under applicable Purchaser Employee Plans for a specified duration no longer than twelve months upon any resignation or termination following the consummation of the Transaction.

Section 4.11 Labor and Employment Matters.

(a) Neither the Purchaser nor any of its Subsidiaries is a party to or bound by any collective bargaining agreement, trade union, works council or other labor union Contract applicable to persons employed by it, and, to the knowledge of the Purchaser, there are no organizational campaigns, petitions or other unionization activities seeking recognition of a collective bargaining unit relating to any employee of any Purchaser Group Company. There are no unfair labor practice complaints pending or, to the knowledge of the Purchaser, threatened against any Purchaser Group Company before any Governmental Authority and, as of the date hereof, there is no organized strike, slowdown, work stoppage or lockout, or similar activity currently occurring or, to the knowledge of the Purchaser, threatened against or involving any Purchaser Group Company.

(b) Each Purchaser Group Company (i) is in compliance with all applicable Laws relating to employment and employment practices, including those related to wages, work hours, shifts, overtime, holidays and leave, collective bargaining terms and conditions of employment and the payment and withholding of Taxes and other sums as required by the appropriate Governmental Authority and (ii) is not liable for any arrears of wages, Taxes, penalties or other sums for failure to comply with any of the foregoing. Except as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, (A) there is no claim with respect to payment of wages, salary or overtime pay that is now pending or, to the knowledge of the Purchaser, threatened before any Governmental Authority with respect to any persons currently or formerly employed by any Purchaser Group Company, (B) there is no charge or proceeding with respect to a violation of any occupational safety or health standards that is now pending or, to the knowledge of the Purchaser, threatened with respect to any Purchaser Group Company and (C) there is no charge of discrimination in employment or employment practices for any reason, including, age, gender, race, religion or other legally protected category, that is now pending or, to the knowledge of the Purchaser, threatened against any Purchaser Group Company before any Governmental Authority in any jurisdiction in which any Purchaser Group Company has employed or currently employs any person.

Section 4.12 Real Property; Title to Assets.

(a) Except as would not be material to the Purchaser and its Subsidiaries, taken as a whole, with respect to each Owned Real Property: (i) the relevant Purchaser Group Company has good and marketable title, validly granted land use rights or building ownership rights, as applicable, to such Owned Real Property, free and clear of all Liens, except Permitted Liens, (ii) no Purchaser Group Company has leased or otherwise granted to any person the right to use or occupy such Owned Real Property or any portion thereof, (iii) there are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein, and (iv) the relevant Purchaser Group Company is the only party in possession of such Owned Real Property. No Purchaser Group Company is a party to any Contract, agreement or option to purchase any material real property or interest therein. The land use rights relating to the Owned Real Property have been obtained from a competent Governmental Authority in compliance in all material respects with applicable PRC Law, all amounts (including, if applicable, land grant premiums) required under applicable Law in connection with securing such title or land use rights have been paid in full and such land use rights are not subject to any restrictions that would materially interfere with the operation of the Purchaser Group Companies as currently conducted as of the date hereof. Except as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, (1) the relevant Purchaser Group Company has duly complied in all respects with all of the terms and conditions of, and all of its obligations under, the relevant land use rights contract or real property purchase contract in relation to any Owned Real Property owned by it (including the obligations to develop the land in accordance with the schedules provided under relevant land grant contracts), (2) the Owned Real Property remains in conformity with all applicable building codes and standards, fire prevention, safety, planning or zoning Law, and (3) no Purchaser Group Company has been subject to any fine or other penalty imposed by any Governmental Authority (including any penalty imposed due to idleness of land or failure to develop the land in accordance with the schedules provided under relevant land grant contracts).

(b) With respect to the Lease for each Leased Property: (i) such Lease is legal, valid, binding, enforceable and in full force and effect, subject to the Bankruptcy and Equity Exception, (ii) to the knowledge of the Purchaser, there are no disputes with respect to such Lease and (iii) neither any Purchaser Group Company nor, to the knowledge of the Purchaser, any other party to the Lease is in breach or default under such Lease, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease.

(c) The Purchaser and its Subsidiaries have good and marketable title to, or a valid and binding leasehold interest in, all other properties and assets (excluding Owned Real Property, Leased Real Property and Intellectual Property) that are material to the business of the Purchaser and its Subsidiaries taken as a whole, in each case free and clear of all Liens, except Permitted Liens.

Section 4.13 Intellectual Property.

(a) The Purchaser and its Subsidiaries have valid and enforceable rights to use all Intellectual Property used in, or necessary to conduct, the business of the Purchaser or its Subsidiaries as it is currently conducted (the “*Purchaser Intellectual Property*”), free and clear of all Liens (other than Permitted Liens).

(b) Since January 1, 2018, neither the Purchaser nor any of its Subsidiaries have received written notice of any Action, and, to the knowledge of the Purchaser, no Action is threatened, that the Purchaser or any of its Subsidiaries, or the business or activities conducted by them (including the commercialization and exploitation of its products and services), is infringing, misappropriating, or otherwise violating or has infringed, misappropriated or otherwise violated any Intellectual Property right of any person, including any demands or unsolicited offers to license any Intellectual Property. Neither the Purchaser nor any of its Subsidiaries nor the business or activities conducted by the Purchaser or any of its Subsidiaries (including the commercialization and exploitation of their products and services) infringes, misappropriates or otherwise violates or, since January 1, 2018, has infringed, misappropriated or otherwise violated any Intellectual Property rights of any person. To the knowledge of the Purchaser, no person is currently infringing, misappropriating or otherwise violating or, since January 1, 2018, has infringed, misappropriated or otherwise violated, any Intellectual Property owned by the Purchaser or any of its Subsidiaries.

(c) There are no pending or, to the knowledge of the Purchaser, threatened Actions by any person challenging the validity or enforceability of, or the use or ownership by the Purchaser or any of its Subsidiaries of, any of the Intellectual Property owned by the Purchaser or its Subsidiaries.

(d) All current or former officers, employees, consultants or contractors of the Purchaser and its Subsidiaries who have participated in the creation or development of Intellectual Property in the course of their employment, engagement or contract with the Purchaser or any of its Subsidiaries have executed and delivered to the Purchaser or such Subsidiary written agreements (i) providing for the non-disclosure by such person of confidential information and (ii) providing for the assignment by such person to the Purchaser or such Subsidiary of any Intellectual Property developed or arising out of such person’s employment by, engagement by or contract with the Purchaser or such Subsidiary of the Purchaser.

(e) The collection, use and dissemination of any and all data and information concerning individuals by each Purchaser Group Company is and will be, immediately following the Closing, in compliance in all respects with all applicable privacy policies, terms of use, other data-related agreements and all applicable Laws.

(f) The Purchaser and its Subsidiaries have taken all actions reasonably necessary to maintain and protect each item of Intellectual Property that they own, including all Trade Secrets that are owned by any Purchaser Group Company. To the knowledge of the Purchaser, none of the Purchaser Group Companies’ Trade Secrets have been disclosed to any Third Party except pursuant to valid and appropriate written non-disclosure agreements or license agreements or pursuant to obligations to maintain confidentiality arising by operation of Law. Immediately subsequent to the Closing, the Purchaser Intellectual Property shall be owned by or available for use by the Purchaser and its Subsidiaries on terms and conditions identical to those under which the Purchaser and its Subsidiaries owned or used the Purchaser Intellectual Property immediately prior to the Closing.

(g) The Purchaser IT Assets are: (A) adequate and sufficient for the operation of the Purchaser's and its Subsidiaries' business; and (B) to the knowledge of the Purchaser, are free from any defects, viruses, worms and other malware. The Purchaser and its Subsidiaries have implemented backup, security and disaster recovery measures and technology consistent with best industry practices in the PRC. Since January 1, 2018, the Purchaser IT Assets have not failed in any respect, and to the knowledge of Purchaser, (i) no person has gained unauthorized access to any Purchaser IT Assets and (ii) the data that the Purchaser IT Assets process or produce with respect to the businesses of the Purchaser and its Subsidiaries have not been corrupted or compromised in any respect.

(h) None of the Intellectual Property owned by any Purchaser Group Company is subject to any Contract or other obligation as a result of any funding or support from, or any arrangement with, any Governmental Authority.

(i) No Purchaser Group Company is a party to or bound by any Contract that grants or purports to grant, as a result of the consummation of the Transactions, a license or covenant not to sue under any Intellectual Property of the Company or any of its Affiliates (other than the Purchaser Group Companies).

Section 4.14 Taxes.

(a) Each Purchaser Group Company has duly filed all material Tax returns and reports required to be filed by it and has paid and discharged all Taxes required to be paid or discharged, other than such payments as are being contested in good faith by appropriate proceedings and for which adequate reserves have been established on the Purchaser's financial statements in accordance with GAAP. All such Tax returns are true, accurate and complete in all material respects. No Governmental Authority is asserting in writing or, to the knowledge of the Purchaser, threatening to assert against any Purchaser Group Company any material deficiency or claim for any Taxes. No Purchaser Group Company has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any material Tax.

(b) No audit or other examination or administrative, judicial or other proceeding of, or with respect to, any material Tax return or material Taxes of any Purchaser Group Company is currently in progress, and no Purchaser Group Company has been notified of any written request for, or, to the knowledge of the Purchaser, any threat of, such an audit or other examination or administrative, judicial or other proceeding. No written claim has been made by any Governmental Authority in a jurisdiction where a Purchaser Group Company does not file Tax returns that such Purchaser Group Company is or may be subject to taxation by such jurisdiction.

(c) Neither the Purchaser nor any of its Subsidiaries incorporated outside the PRC take the position for tax purposes that it is a "*resident enterprise*" of the PRC or tax resident in any jurisdiction other than its jurisdiction of formation.

(d) Each Purchaser Group Company has, in accordance with applicable Law, duly registered with the relevant Governmental Authority, obtained and maintained the validity of all national and local tax registration certificates and complied in all material respects with all requirements imposed by such Governmental Authorities. Each submission made by or on behalf of any Purchaser Group Company to any Governmental Authority in connection with obtaining Tax exemptions, Tax holidays, Tax deferrals, Tax incentives or other preferential Tax treatments or Tax rebates was accurate and complete in all material respects. As of the date hereof, no suspension, revocation or cancellation of any Tax exemptions, preferential treatments or rebates is pending or, to the knowledge of the Purchaser, threatened.

(e) The Purchaser and its Subsidiaries have complied in all material respects with all applicable Laws relating to the withholding and payment over to the appropriate Governmental Authority of all Taxes required to be withheld by the Purchaser or any of its Subsidiaries.

Section 4.15 No Secured Creditors. The Purchaser does not have any secured creditors holding a fixed or floating security interest.

Section 4.16 Purchaser Material Contracts. Each material Contract to which a Purchaser Group Company is a party (a “*Purchaser Material Contract*”) is a legal, valid and binding obligation of such Purchaser Group Company and to the Purchaser’s knowledge, the other parties thereto, in each case subject to the Bankruptcy and Equity Exception. Neither any Purchaser Group Company nor, to the Purchaser’s knowledge and as of the date hereof, any other party thereto, is in breach or violation of, or default under, any Purchaser Material Contract and no event has occurred or not occurred through any Purchaser Group Company’s or, to the Purchaser’s knowledge, the action or inaction of any Third Party, that with notice or lapse of time or both would constitute a breach or violation of, or default under, any Purchaser Material Contract. No Purchaser Group Company has received any written claim or notice of default, termination or cancellation under any Purchaser Material Contract.

Section 4.17 Environmental Matters. (i) Each Purchaser Group Company is in compliance with all applicable Environmental Law and has obtained and possesses all Environmental Permits currently required for their establishment and their operation under any Environmental Law, and all such Environmental Permits are in full force and effect, (ii) no property currently or formerly owned or operated by any Purchaser Group Company has been contaminated with or is releasing any Hazardous Substance in a manner that would reasonably be expected to require remediation or other action pursuant to any Environmental Law, (iii) no Purchaser Group Company has received any notice, demand, letter, claim or request for information alleging that any Purchaser Group Company is in violation of or liable under any Environmental Law, which remains unresolved, and (iv) no Purchaser Group Company is subject to any order, decree or injunction with any Governmental Authority or agreement with any Third Party concerning liability under any Environmental Law or relating to Hazardous Substances.

Section 4.18 Insurance. (a) All insurance policies and all self-insurance programs and arrangements relating to the business, assets, liabilities and operations of the Purchaser and its Subsidiaries are in full force and effect, (b) the Purchaser has no reason to believe that it or any of its Subsidiaries will not be able to (i) renew its existing insurance policies as and when such policies expire or (ii) obtain comparable coverage from comparable insurers as may be necessary to continue its business without a significant increase in cost and (c) neither the Purchaser nor any of its Subsidiaries has received any written notice of any threatened termination of, premium increase with respect to, or alteration of coverage under, any of its respective insurance policies.

Section 4.19 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of the Purchaser.

Section 4.20 Solvency. The Purchaser is not entering into the Transactions with the intent to hinder, delay or defraud either present or future creditors. Immediately after giving effect to the Transactions, including the payment of any amounts required to be paid in connection with the consummation of the Transactions, including the payment of all related fees and expenses, assuming (i) satisfaction of the conditions set forth in Section 7.01 and Section 7.02, or the waiver of such conditions, and (ii) the accuracy of the representations and warranties of the Sellers set forth in this Agreement (for such purposes, the representations and warranties that are qualified as to materiality or “*Company Material Adverse Effect*” or other words of similar import shall be true and correct in all respects and those not so qualified shall be true and correct in all material respects), the Purchaser and its Subsidiaries will be solvent at and immediately after the Closing, as such term is used under the Laws of the Cayman Islands.

Section 4.21 Independent Investigation. The Purchaser has conducted its own independent investigation, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of each Group Company, which investigation, review and analysis was performed by the Purchaser, its Affiliates and their respective Representatives. The Purchaser acknowledges that as of the date hereof, it, its Affiliates and their respective Representatives have been provided adequate access to the personnel, properties, facilities and records of the Company and its Subsidiaries for such purpose. In entering into this Agreement, the Purchaser acknowledges that it has relied solely upon the aforementioned investigation, review and analysis and not on any statements, representations or opinions of any of the Company, its Affiliates or their respective Representatives (except the representations, warranties, covenants and agreements of the Company set forth in this Agreement and in any certificate delivered pursuant to this Agreement).

Section 4.22 Non-Reliance on Company Estimates. In connection with the due diligence investigation of the Company by the Purchaser, its Affiliates and their respective Representatives, the Purchaser, its Affiliates and their respective Representatives have received and may continue to receive from the Sellers, their Affiliates and their respective Representatives certain estimates, projections and other forecasts, as well as certain business plan information, regarding the Company, its Subsidiaries and their business and operations. The Purchaser hereby acknowledges and agrees that these estimates, projections, forecasts and information and the assumptions on which they are based were prepared for specific purposes and may vary significantly from each other. Further, the Purchaser acknowledges and agrees (a) that there are uncertainties inherent in attempting to make such estimates, projections and forecasts, as well as in such business plans, (b) that the Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and forecasts, as well as such business plans, so furnished to them (including the reasonableness of the assumptions underlying such estimates, projections, forecasts or business plans), and (c) that the Purchaser is not relying on any estimates, projections, forecasts or business plans furnished by the Sellers, their Affiliates or their respective Representatives, and the Purchaser shall not, and shall cause its Affiliates and their respective Representatives not to, hold any such person liable with respect thereto, other than fraud in connection therewith; provided that nothing contained in this Section 4.22 shall be deemed to limit in any way the representations and warranties of the Sellers set forth in this Agreement.

Section 4.23 No Additional Representations. Except for the representations and warranties contained in this Article IV, each Seller acknowledges that neither the Purchaser nor any other person on behalf of the Purchaser makes any other express or implied representation or warranty with respect to any Purchaser Group Company or with respect to any other information provided to the Sellers, their Affiliates or their respective Representatives. Neither the Purchaser nor any other person will have or be subject to any liability to the Sellers or any other person resulting from the distribution to the Sellers, or the Sellers' use of, any such information, including any information, documents, projections, forecasts or other material made available to the Sellers in management presentations in expectation of the Transactions, unless and to the extent such information is expressly included in the representations and warranties contained in this Article IV.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE ACQUISITION

Section 5.01 Conduct of Business by the Company Pending the Acquisition. The Sellers agree that, from the date of this Agreement until the earlier of the Closing and termination of this Agreement pursuant to Article VIII, except as (x) required by applicable Law or (y) expressly contemplated or permitted by this Agreement, unless the Purchaser shall otherwise consent in writing (which consent shall not be unreasonably withheld, delayed or conditioned), the Sellers shall procure that (i) the businesses of the Group Companies shall be conducted in the ordinary course of business in a manner consistent with past practice; and (ii) the Company shall use its commercially reasonable efforts to preserve the assets and the business organization of the Group Companies in all material respects, to keep available the services of the current officers and key employees of the Group Companies and to maintain in all material respects the current relationships of the Group Companies with existing customers, suppliers and other persons with which any Group Companies has material business relations as of the date hereof.

Without limiting the generality of the foregoing paragraph, from the date of this Agreement until the earlier of the Closing and termination of this Agreement pursuant to Article VIII, except as (x) required by applicable Law or (y) expressly contemplated or permitted by this Agreement, the Sellers shall procure that no Group Company, directly or indirectly, do or propose to do any of the following without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld, delayed or conditioned):

(a) amend or otherwise change its memorandum and articles of association or equivalent organizational documents;

(b) issue, sell, transfer, lease, sublease, license, pledge, dispose of, grant or encumber, or authorize the issuance, sale, transfer, lease, sublease, license, pledge, disposition, grant or encumbrance of, (i) any shares of any class of any Group Company, or (ii) any property or assets (whether real, personal or mixed, and including leasehold interests and intangible property) of any Group Company with a value or purchase price (including the value of assumed liabilities) in excess of US\$1,000,000, except in the ordinary course of business;

(c) declare, set aside, make or pay any dividend or other distribution, payable in cash, shares, property or otherwise, with respect to any of its shares (other than dividends or other distributions from any Subsidiary of the Company to the Company or any of its other Subsidiaries);

(d) reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any of its share capital or securities or other rights exchangeable into or convertible or exercisable for any of its share capital;

(e) effect or commence any liquidation, dissolution, scheme of arrangement, merger, consolidation, amalgamation, restructuring, reorganization, public offering or similar transaction involving any Group Company, or public offer of any new Subsidiary, other than as contemplated by this Agreement;

(f) acquire, whether by purchase, merger, spin off, consolidation, scheme of arrangement, amalgamation or acquisition of stock or assets or otherwise, any assets, securities or properties, in aggregate, with a value or purchase price (including the value of assumed liabilities) in excess of US\$1,000,000 in any transaction or related series of transactions;

(g) incur any additional Company Debt or guarantee any indebtedness for borrowed money of any Third Party except for the incurrence or guarantee of indebtedness not in an aggregate amount in excess of US\$1,000,000;

(h) other than expenditures necessary to maintain assets in good repair consistent with the past practice or pursuant to the Company's operating plan in effect as of the date hereof, authorize, or make any commitment with respect to, any single capital expenditure which is in excess of US\$10,000,000 or capital expenditures which are, in the aggregate, in excess of US\$1,000,000 for the Group Companies taken as a whole;

(i) except as required pursuant to any Company Employee Plan or any employment agreement or compensatory agreements in effect as of the date of this Agreement, or this Agreement, (i) enter into any new employment or compensatory agreements (including the renewal of any such agreements), or terminate any such agreements, with any director, officer, employee or consultant of any Group Company other than the hiring or termination of employees below the vice president level or its equivalent (e.g. the head of business unit) or with an annual compensation of less than US\$200,000, (ii) grant or provide any severance or termination payments or benefits to any director, officer, employee or consultant of any Group Company except as required by applicable Law, (iii) increase the compensation, bonus or pension, welfare, severance or other benefits of, pay any bonus to any director, officer, employee or consultant of any Group Company except such increases or payments, in the aggregate, do not cause an increase in the labor costs of the Group Companies, taken as a whole, by more than 5%, or (iv) forgive any loans to any director, officer, employee or consultant of any Group Company;

(j) make any changes with respect to financial accounting policies or procedures, including changes affecting the reported consolidated assets, liabilities or results of operations of the Group Companies, except as required by changes in statutory or regulatory accounting rules or GAAP or regulatory requirements with respect thereto;

(k) enter into, amend, modify, consent to the termination of, or waive any material rights under, any Company Material Contract (or any Contract that would be a Company Material Contract if such Contract had been entered into prior to the date hereof) that calls for annual aggregate payments of US\$1,000,000 or more which cannot be terminated without material surviving obligations or material penalty upon notice of ninety (90) days or less;

(l) enter into any Contract between the Company or any of its Subsidiaries, on the one hand, and any “related party” (as such term is defined in Item 404 of Regulation S-K promulgated under the Exchange Act) of the Company or any of its Subsidiaries, on the other hand, except for (i) Contracts solely between the Company and/or wholly-owned Company Subsidiaries and (ii) Contracts permitted under Section 5.01(i));

(m) terminate or cancel, let lapse, or amend or modify in any material respect, other than renewals in the ordinary course of business, any material insurance policies maintained by it which are not promptly replaced by a comparable amount of insurance coverage;

(n) settle any Action other than any settlement involving the payment of monetary damages not in excess of US\$1,000,000;

(o) fail to perform or make any applicable filings, recordings or other similar actions or filings, or fail to pay all required fees and Taxes required or advisable to maintain and protect its interest in each and every item of Intellectual Property owned by any Group Company;

(p) enter into, or propose to enter into, any transaction involving any material earn-out or similar payment payable by any Group Company, to any Third Party, other than payments in connection with purchases of vehicles, plant, equipment, supplies or computers in the ordinary course of business;

(q) engage in the conduct of any new line of business material to the Company and its Subsidiaries, taken as a whole;

(r) make or change any material Tax election, materially amend any Tax return (except as required by applicable Law), enter into any material closing agreement with respect to Taxes, surrender any right to claim a material refund of Taxes, settle or finally resolve any material controversy with respect to Taxes or materially change any method of Tax accounting; or

(s) announce an intention, enter into any formal or informal agreement or otherwise make a commitment, to do any of the foregoing.

Section 5.02 Conduct of Business by the Purchaser Pending the Acquisition. The Purchaser agrees that, from the date of this Agreement until the earlier of the Closing and termination of this Agreement pursuant to Article VIII, except as (x) required by applicable Law or (y) expressly contemplated or permitted by this Agreement, unless the Sellers shall otherwise consent in writing (which consent shall not be unreasonably withheld, delayed or conditioned), (i) the businesses of the Purchaser Group Companies shall be conducted in the ordinary course of business in a manner consistent with past practice; and (ii) the Purchaser shall use its commercially reasonable efforts to preserve the assets and the business organization of the Purchaser Group Companies in all material respects, to keep available the services of the current officers and key employees of the Purchaser Group Companies and to maintain in all material respects the current relationships of the Purchaser Group Companies with existing customers, suppliers and other persons with which any Purchaser Group Companies has material business relations as of the date hereof.

Without limiting the generality of the foregoing paragraph, from the date of this Agreement until the earlier of the Closing and termination of this Agreement pursuant to Article VIII, except as (x) required by applicable Law or (y) expressly contemplated or permitted by this Agreement, the Purchaser shall not and shall not permit any other Purchaser Group Company to, directly or indirectly, do or propose to do any of the following without the prior written consent of the Sellers (which consent shall not be unreasonably withheld, delayed or conditioned):

(a) amend or otherwise change its memorandum and articles of association or equivalent organizational documents;

(b) issue, sell, transfer, lease, sublease, license, pledge, dispose of, grant or encumber, or authorize the issuance, sale, transfer, lease, sublease, license, pledge, disposition, grant or encumbrance of, (i) any shares of any class of any Purchaser Group Company (other than in connection with (A) the exercise of any Purchaser Options in accordance with the Purchaser Equity Incentive Plan, (B) the withholding of Purchaser securities to satisfy tax obligations with respect to Purchaser Options (C) the acquisition by the Purchaser of its securities in connection with the forfeiture of Purchaser Options, or (D) the acquisition by the Purchaser of its securities in connection with the net exercise of Purchaser Options in accordance with the terms thereof), or (ii) any property or assets (whether real, personal or mixed, and including leasehold interests and intangible property) of any Purchaser Group Company with a value or purchase price (including the value of assumed liabilities) in excess of US\$1,000,000, except in the ordinary course of business;

(c) declare, set aside, make or pay any dividend or other distribution, payable in cash, shares, property or otherwise, with respect to any of its shares (other than dividends or other distributions from any Subsidiary of the Purchaser to the Purchaser or any of its other Subsidiaries);

(d) reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any of its share capital or securities or other rights exchangeable into or convertible or exercisable for any of its share capital (other than the purchase of Shares to satisfy obligations under the Purchaser Equity Incentive Plan, including the withholding of Shares in connection with the exercise of Purchaser Options in accordance with the terms and conditions of such Purchaser Options (as applicable));

(e) effect or commence any liquidation, dissolution, scheme of arrangement, merger, consolidation, amalgamation, restructuring, reorganization, public offering or similar transaction involving any Purchaser Group Company, or public offer of any new Subsidiary, other than as contemplated by this Agreement;

(f) acquire, whether by purchase, merger, spin off, consolidation, scheme of arrangement, amalgamation or acquisition of stock or assets or otherwise, any assets, securities or properties, in aggregate, with a value or purchase price (including the value of assumed liabilities) in excess of US\$1,000,000 in any transaction or related series of transactions;

(g) incur any additional Purchaser Debt or guarantee any indebtedness for borrowed money of any Third Party except for the incurrence or guarantee of indebtedness not in an aggregate amount in excess of US\$1,000,000;

(h) other than expenditures necessary to maintain assets in good repair consistent with the past practice or pursuant to the Purchaser's operating plan in effect as of the date hereof, authorize, or make any commitment with respect to, any single capital expenditure which is in excess of US\$10,000,000 or capital expenditures which are, in the aggregate, in excess of US\$1,000,000 for the Purchaser Group Companies taken as a whole;

(i) except as required pursuant to any Purchaser Employee Plan or any employment agreement or compensatory agreements in effect as of the date of this Agreement, or this Agreement, (i) enter into any new employment or compensatory agreements (including the renewal of any such agreements), or terminate any such agreements, with any director, officer, employee or consultant of any Purchaser Group Company other than the hiring or termination of employees below the vice president level or its equivalent (e.g. the head of business unit) or with an annual compensation of less than US\$200,000, (ii) grant or provide any severance or termination payments or benefits to any director, officer, employee or consultant of any Purchaser Group Company except as required by applicable Law, (iii) increase the compensation, bonus or pension, welfare, severance or other benefits of, pay any bonus to any director, officer, employee or consultant of any Purchaser Group Company except such increases or payments, in the aggregate, do not cause an increase in the labor costs of the Purchaser Group Companies, taken as a whole, by more than 5%, (iv) make any new equity awards to any person under the Purchaser Equity Incentive Plan, (v) establish, adopt, amend or terminate any Purchaser Employee Plan or materially amend the terms of any outstanding Purchaser Options, (vi) take any action to accelerate the vesting of Purchaser Options, or (vii) forgive any loans to any director, officer, employee or consultant of any Purchaser Group Company;

(j) make any changes with respect to financial accounting policies or procedures, including changes affecting the reported consolidated assets, liabilities or results of operations of the Purchaser Group Companies, except as required by changes in statutory or regulatory accounting rules or GAAP or regulatory requirements with respect thereto;

(k) enter into, amend, modify, consent to the termination of, or waive any material rights under, any Purchaser Material Contract (or any Contract that would be a Purchaser Material Contract if such Contract had been entered into prior to the date hereof) that calls for annual aggregate payments of US\$1,000,000 or more which cannot be terminated without material surviving obligations or material penalty upon notice of ninety (90) days or less;

(l) enter into any Contract between the Purchaser or any of its Subsidiaries, on the one hand, and any “related party” (as such term is defined in Item 404 of Regulation S-K promulgated under the Exchange Act) of the Purchaser or any of its Subsidiaries, on the other hand, except for (i) Contracts solely between the Purchaser and/or its wholly-owned Subsidiaries and (ii) Contracts permitted under Section 5.01(i));

(m) terminate or cancel, let lapse, or amend or modify in any material respect, other than renewals in the ordinary course of business, any material insurance policies maintained by it which are not promptly replaced by a comparable amount of insurance coverage;

(n) settle any Action other than any settlement involving the payment of monetary damages not in excess of US\$1,000,000;

(o) fail to perform or make any applicable filings, recordings or other similar actions or filings, or fail to pay all required fees and Taxes required or advisable to maintain and protect its interest in each and every item of Intellectual Property owned by any Purchaser Group Company;

(p) enter into, or propose to enter into, any transaction involving any material earn-out or similar payment payable by any Purchaser Group Company, to any Third Party, other than payments in connection with purchases of vehicles, plant, equipment, supplies or computers in the ordinary course of business;

(q) engage in the conduct of any new line of business material to the Purchaser and its Subsidiaries, taken as a whole;

(r) make or change any material Tax election, materially amend any Tax return (except as required by applicable Law), enter into any material closing agreement with respect to Taxes, surrender any right to claim a material refund of Taxes, settle or finally resolve any material controversy with respect to Taxes or materially change any method of Tax accounting; or

(s) announce an intention, enter into any formal or informal agreement or otherwise make a commitment, to do any of the foregoing.

Section 5.03 No Control of Other Party's Business. Except as otherwise expressly provided herein, nothing contained in this Agreement is intended to give the Purchaser, directly or indirectly, the right to control or direct the Company's or the Company's Subsidiaries' operations prior to the Closing, and nothing contained in this Agreement is intended to give the Sellers, directly or indirectly, the right to control or direct the Purchaser's operations. Prior to the Closing, each of the Purchaser and the Sellers shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations.

Section 5.04 Additional Interim Covenants. Each of the Purchaser and the Sellers agrees and undertakes to each other on the followings (as applicable), from the date of this Agreement until the earlier of the Closing and termination of this Agreement:

(a) As the Purchaser's undertaking in favor of the Sellers, the Purchaser shall use its best efforts to fulfill or cause the fulfillment of the conditions to the Sellers' obligations at Closing as set forth in Sections 7.01 and Section 7.03.

(b) As the Sellers' undertaking in favor of the Purchaser, each Seller shall use its best efforts to fulfill or cause the fulfillment of the conditions to the Purchaser's obligations at Closing as set forth in Sections 7.01 and 7.02.

ARTICLE VI

ADDITIONAL AGREEMENTS

Section 6.01 Access to Information.

(a) From the date hereof until the earlier of the Closing and termination of this Agreement pursuant to Article VIII and subject to applicable Law, upon reasonable advance notice from the Purchaser, the Sellers shall (i) provide to the Purchaser (and the Purchaser's officers, directors, employees, accountants, consultants, financial and legal advisors, agents, financing sources (including potential sources) and other authorized representatives of the Purchaser and such other parties, collectively, "**Representatives**") reasonable access during normal business hours to the offices, properties, books and records of any Group Company, (ii) furnish to the Purchaser and its Representatives such existing financial and operating data and other existing information as such persons may reasonably request in writing, and (iii) instruct its and its Subsidiaries' employees, legal counsel, financial advisors, auditors and other Representatives to reasonably cooperate with the Purchaser and its Representatives in their investigation. Notwithstanding the foregoing, any such investigation shall be conducted in such a manner as not to interfere unreasonably with the business or operations of the Company or its Subsidiaries or otherwise result in any significant interference with the timely discharge by the employees of the Company or its Subsidiaries of their duties.

(b) From the date hereof until the earlier of the Closing and termination of this Agreement pursuant to Article VIII and subject to applicable Law, upon reasonable advance notice from the Sellers, the Purchaser shall (i) provide to the Sellers (and the Sellers' Representatives) reasonable access during normal business hours to the offices, properties, books and records of any Purchaser Group Company, (ii) furnish to the Sellers and their Representatives such existing financial and operating data and other existing information as such persons may reasonably request in writing, and (iii) instruct its and its Subsidiaries' employees, legal counsel, financial advisors, auditors and other Representatives to reasonably cooperate with the Sellers and their Representatives in their investigation. Notwithstanding the foregoing, any such investigation shall be conducted in such a manner as not to interfere unreasonably with the business or operations of the Purchaser or its Subsidiaries or otherwise result in any significant interference with the timely discharge by the employees of the Purchaser or its Subsidiaries of their duties.

(c) Notwithstanding anything to the contrary in Section 6.01(a) and Section 6.01(b), nothing in this Agreement shall require the Sellers (or the Purchaser or any of its Subsidiaries) to provide the Purchaser (or the Sellers) or any of its (or their) Representatives with access to any books, records, documents or other information to the extent that (i) such books, records, documents or other information is subject to any confidentiality agreement with a Third Party (*provided* that, at the request of the Purchaser (or the Sellers), the Sellers (or the Purchaser) shall use their (or its) commercially reasonable efforts to obtain a waiver from such Third Party), (ii) the disclosure of such books, records, documents or other information would result in the loss of attorney-client privilege which could not be reasonably remedied by use of common interest agreements or other methods to maintain such privilege, or (iii) the disclosure of such books, records, documents or other information is prohibited by applicable Law.

(d) All information provided or made available pursuant to this Section 6.01 to the Purchaser or its Representatives shall be subject to Section 6.02.

(e) No investigation pursuant to this Section 6.01 shall affect any representation or warranty in this Agreement of any Party or any condition to the obligations of the Parties.

Section 6.02 Confidentiality. Except as necessary to complete the applicable SEC filings or obtain the Requisite Regulatory Approvals, each Party shall hold and shall cause its Representatives to hold in strict confidence, unless compelled to disclose by judicial or administrative process or by other requirements of applicable Laws, all documents and information concerning the other Parties furnished to it by such other Parties or their Representatives in connection with the transactions contemplated by this Agreement (except to the extent that such information can be shown to have been (a) previously known by the Party to which it was furnished, (b) in the public domain through no fault of such Party or (c) later lawfully acquired from other sources, which source is not the agent of the other Party, by the Party to which it was furnished), and each Party shall not release or disclose such information to any other person, except its Representatives in connection with this Agreement. In the event that any Party believes that it is required to disclose any such confidential information pursuant to applicable Laws, such Party shall give timely written notice to the other Parties so that such Parties may have an opportunity to obtain a protective order or other appropriate relief. Each Party shall be deemed to have satisfied its obligations to hold confidential information concerning or supplied by the other Parties if it exercises the same care as it takes to preserve confidentiality for its own similar information. The Parties acknowledge that some previously confidential information will be required to be disclosed in the applicable SEC filings.

Section 6.03 No Solicitation of Transactions.

Until the earlier of the Closing and termination of this Agreement pursuant to Article VIII, the Sellers agree that they shall not, and shall cause the Company, any of its Subsidiaries and their respective Representatives (including any investment banker, attorney or accountant retained by any Group Company) not to, in each case, directly or indirectly, (i) solicit, initiate or knowingly encourage, enter into, maintain or continue discussions or negotiations with any Third Party in respect of, or take any other action to knowingly facilitate, any inquiries or the making of any proposal or offer (including any proposal or offer to its shareholders) that constitutes, or that in the Sellers' good faith judgment could reasonably be expected to lead to, any purchase, merger or acquisition of the Company's or any Group Company's Equity Securities, (ii) agree to, approve, endorse, recommend or consummate any purchase, merger or acquisition of the Company's or any Group Company's Equity Securities or enter into any letter of intent or Contract or commitment contemplating or otherwise relating to any purchase, merger or acquisition of the Company's or any Group Company's Equity Securities, (iii) grant any waiver, amendment or release under any standstill, confidentiality or similar agreement or Takeover Statute (and the Sellers shall promptly take all action necessary to terminate or cause to be terminated any such waiver previously granted with respect to any provision of any such confidentiality, standstill or similar agreement or Takeover Statute and to enforce each such confidentiality, standstill and similar agreement), (iv) engage in any act or inaction that will materially impair or is reasonably expected to materially impair the value of the Group Companies, (v) unilaterally terminate or withdraw from this Agreement and the Transactions, or seek such termination or withdrawal other than pursuant to Section 8.03, or (vi) authorize or permit any of the Representatives of the Sellers, the Company or any of its Subsidiaries to take any action set forth in clauses (i) – (v) of this Section 6.02. The Sellers shall not, and shall cause the Company and its Subsidiaries not to, enter into any confidentiality agreement with any Third Party subsequent to the date of this Agreement which prohibits the Company from providing such information to the Purchaser.

Section 6.04 Notification of Certain Matters. Each of the Sellers and the Purchaser shall promptly notify the other in writing of:

- (a) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the Transactions;
- (b) any notice or other communication from any Governmental Authority in connection with the Transactions;
- (c) any Actions commenced or, to the knowledge of the Sellers or the knowledge of the Purchaser, threatened against the Sellers, the Company or any of its Subsidiaries or the Purchaser and any of its Subsidiaries, as the case may be, that, if pending on the date of this Agreement, would have been required to have been disclosed by such party pursuant to any of such party's representations and warranties contained herein, or that relate to such party's ability to consummate the Transactions; and
- (d) if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of such Party set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 7.01, Section 7.02 or Section 7.03 not to be satisfied;

together, in each case, with a copy of any such notice, communication or Action; *provided* that the delivery of any notice pursuant to this Section 6.04 shall not limit or otherwise affect the remedies available hereunder to the Party receiving such notice; *provided further*, that failure to give prompt notice pursuant to Section 6.04(d) shall not constitute a failure of a condition to the Acquisition set forth in Article VII except to the extent that the underlying breach of a representation or warranty or failure to perform any covenant or agreement not so notified would, standing alone, constitute such a failure; *provided, further*, that the unintentional failure of the Sellers or the Purchaser to give notice under this Section 6.04 shall not be deemed to be a breach of covenant under this Section 6.04 but instead shall constitute only a breach of the underlying representation or warranty or covenant or condition, as the case may be.

Section 6.05 Further Action; Reasonable Best Efforts.

(a) Upon the terms and subject to the conditions of this Agreement, each of the Parties and their respective Affiliates shall (i) make promptly its respective filings, and thereafter make any other required submissions, with each relevant Governmental Authority with jurisdiction over enforcement of any applicable antitrust or competition Laws with respect to the Transactions, and coordinate and cooperate fully with the other parties in exchanging such information and providing such assistance as the other parties may reasonably request in connection therewith (including (A) obtaining consent (such consent not to be unreasonably withheld, conditioned or delayed) from the other Parties promptly before making any substantive communication (whether verbal or written) with any Governmental Authority in connection with such filings or submissions, (B) permitting the other Parties to review in advance, and consulting with the other Parties on, any proposed filing, submission or communication (whether verbal or written) by such Party to any Governmental Authority, and (C) giving the other Parties the opportunity to attend and participate at any meeting with any Governmental Authority in respect of any filing, investigation or other inquiry); and (ii) cooperate with the other Parties and use its reasonable best efforts, and cause its Affiliates to use their respective reasonable best efforts, to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective the Transactions, including employing such resources as are necessary to obtain the Requisite Regulatory Approvals; provided that none of the Purchaser, its Affiliates or their respective Representatives shall be required to accept any onerous condition or mitigation measure imposed upon it that would materially and adversely affect its interest in the Transaction, including, without limitation, to commit to or effect, by consent decree, hold separate orders, or otherwise, the restructuring, reorganization, sale, divestiture or disposition of such of its or any of its Affiliates' or portfolio companies' assets, properties or businesses, or accept any prohibition or limitation on the ownership or operation of, or any arrangement that would apply to, any of its or any of its Affiliates' or portfolio companies' assets, properties or businesses.

(b) Each Party shall, upon request by any other Party, furnish such other Party with all information concerning itself, its Affiliates, directors, officers 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 the Purchaser, the Company or any of their respective Subsidiaries to any Third Party and/or any Governmental Authority in connection with the Transactions.

Section 6.06 Public Announcements. Except as may be required by applicable Law, the press release announcing the execution of this Agreement shall be issued only in such form as shall be mutually agreed upon by the Sellers and the Purchaser. Thereafter, at any time prior to termination of this Agreement pursuant to Article VIII, the Purchaser and the Sellers shall consult with each other before issuing any press release, having any communication with the press (whether or not for attribution), making any other public statement or scheduling any press conference or conference call with investors or analysts with respect to this Agreement or the Transactions and, except in respect of any such press release, communication, other public statement, press conference or conference call as may be required by applicable Law or rules and policies of the NASDAQ, shall not issue any such press release, have any such communication, make any such other public statement or schedule any such press conference or conference call prior to such consultation.

Section 6.07 Takeover Statutes. If any Takeover Statute is or may become applicable to any of the Transactions, the Parties shall use their respective reasonable best efforts (a) to take all action necessary so that no Takeover Statute is or becomes applicable to any of the Transactions and (b) if any such Takeover Statute is or becomes applicable to any of the foregoing, to take all action necessary so that the Transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement, including all actions to eliminate or lawfully minimize the effects of such Takeover Statute on the Transactions.

Section 6.08 Minimum Assets and No Liabilities. The Sellers shall procure that the total net assets (excluding intangible assets) and Available Cash of the Company (on a consolidated basis) at the Closing shall be no less than the respective amounts as of November 30, 2020, which amounts have been confirmed by the Sellers and the Purchaser before the date of this Agreement. The Sellers shall procure that, at the Closing, the Company shall not have any material contingent or off-balance sheet liabilities.

Section 6.09 Directors and Officers of the Purchaser After Closing. Upon the Closing, Mr. Mingjun Lin (“*Mr. Lin*”) shall have the right to appoint three (3) members of the Purchaser Board, including one (1) independent director, and Renren Inc. (“*Renren*”) shall have the right to appoint two (2) members of the Purchaser Board, including one (1) independent director. Upon the Closing, Mr. Lin shall have the right to designate the chief executive officer of the Purchaser (the “*CEO*”) to be appointed by the Purchaser Board. The CEO shall appoint other executive officers of the Purchaser.

Section 6.10 Purchaser’s Pre-Acquisition Assets. After the Closing, all cash and other assets received or recovered from all receivables, prepayments, inventories and assets of the Purchaser, including those from its joint venture partners and distributors, before the Closing (the “*Pre-Acquisition Assets*”) shall be first used to pay the Purchaser’s borrowings from, and other liabilities to, East West Bank, Renren and its Subsidiaries, and other creditors that are incurred before the Closing, as well as all costs and expenses associated with the collection and recovery of the Pre-Acquisition Assets (collectively, the “*Pre-Acquisition Liabilities*”). If there are any Pre- Acquisition Assets remaining after the Pre- Acquisition Liabilities have been fully settled in accordance with this Section 6.10, the use of such remaining Pre- Acquisition Assets shall be determined by a committee of the Purchaser Board (the “*Kaixin Assets Committee*”) at its sole discretion with the full authorization from the Purchaser Board. Renren shall have the right to designate the members on the Kaixin Assets Committee.

Section 6.11 Reserved Matters. After the Closing, the Purchaser shall not, and shall procure that none of its Subsidiaries shall, take, permit to occur, approve, authorize, or agree or commit to do anything related to the use and disposal of the Pre-Acquisition Assets without Renren's prior written approvalthe Purchaserthe Purchaserthe Purchaserthe Purchaser.

Section 6.12 Voting Agreement. At the request of Renren, the Sellers shall enter into a voting agreement to the reasonable satisfaction of Renren, if and to the extent such agreement is necessary for Mr. Lin or the Sellers collectively to control the Purchaser after the Acquisition.

ARTICLE VII

CONDITIONS TO THE ACQUISITION

Section 7.01 Conditions to the Obligations of Each Party. The obligations of the Sellers and the Purchaser to consummate the Acquisition are subject to the satisfaction or waiver (where permissible under applicable Law) of the following conditions at or prior to the Closing Date:

(a) **No Injunction.** No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or award, writ, injunction, determination, rule, regulation, judgment, decree or executive order (an "**Order**"), whether temporary, preliminary or permanent, which is then in effect or has the effect of enjoining, restraining, prohibiting or otherwise making illegal the consummation of the Transactions.

(b) **Regulatory Approvals.** (i) All Requisite Regulatory Approvals shall have been obtained and be in full force and effect; and (ii) all other consents, approvals and authorizations of any Governmental Authority required to consummate the Transaction shall have been obtained and be in full force and effect, except where the failure to obtain such other consents, approvals and authorizations or the failure of such other consents, approvals and authorizations to be in full force and effect would not, individually or in the aggregate, have or reasonably be expected to have a Company Material Adverse Effect.

Section 7.02 Conditions to the Obligations of the Purchaser. The obligations of the Purchaser to consummate the Acquisition are subject to the satisfaction or waiver (where permissible under applicable Law) of the following additional conditions at or prior to the Closing Date:

(a) **Representations and Warranties.** Other than the representations and warranties of the Sellers contained in Section 3.01, Section 3.02, Section 3.03, Section 3.04 and Section 3.05, the representations and warranties of the Sellers contained in this Agreement (without giving effect to any qualification as to "**materiality**" or "**Company Material Adverse Effect**" set forth therein) shall be true and correct as of the date hereof and as of the Closing Date, as though made on and as of such date and time (other than representations and warranties that by their terms address matters only as of a specified time, which shall be true and correct only as of such time), except where the failure of such representations and warranties of the Sellers to be so true and correct do not, and would not be reasonably expected to, have a Company Material Adverse Effect, and (ii) the representations and warranties set forth in Section 3.01, Section 3.02, Section 3.03, Section 3.04 and Section 3.05 shall be true and correct in all respects (except, solely with respect to Section 3.03(a) and Section 3.03(b), for *de minimis* inaccuracies) as of the date hereof and as of the Closing Date, as though made on and as of such date and time (other than representations and warranties that by their terms address matters only as of a specified time, which shall be true and correct only as of such time).

(b) **Agreements and Covenants.** The Sellers shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

(c) **No Material Adverse Effect.** No Company Material Adverse Effect shall have occurred since the date of this Agreement.

(d) **Third Party Consents.** All consents and waivers required to be obtained by the Sellers from any Third Party in respect of the Transactions shall have been obtained, and all notices required to be made by the Sellers to any Third Party prior to the Closing in respect of the Transactions shall have been duly made by the Sellers.

(e) **Conversion of Company Ordinary Share Equivalents.** All Company Ordinary Share Equivalents (other than existing Company Ordinary Shares and Company Preferred Shares) shall have been converted into Company Ordinary Shares as of immediately prior to the Closing.

(f) **Company Debt.** The Company shall have settled its outstanding debts and other financial obligations to the reasonable satisfaction of the Purchaser. Without prejudice to the foregoing, the Company shall satisfy the conditions set out in Section 6.08 immediately before the Closing.

(g) **NASDAQ Approval on Listing Application.** The Purchaser shall have received NASDAQ's approval on the listing application filed by the Purchaser in connection with the Transactions including the Acquisition and, if applicable, the Reserve Share Split.

(h) **Reverse Share Split.** The Purchaser shall have obtained a special resolution of the Purchaser approving the reverse share split for the Purchaser Shares which shall effect the proportional consolidation of the Purchaser Shares into a lower number of Purchaser Shares (the "**Reverse Share Split**") if the Reverse Share Split is necessary before the Closing in order to comply with the NASDAQ listing requirement on the minimum share price.

(i) **Amendment of the Memorandum and Articles of Association of the Purchaser.** The Second Amended and Restated Memorandum and Articles of Association of the Purchaser, as adopted by a special resolution on April 24, 2019, shall have been amended and restated in the form reasonably satisfactory to the Purchaser and the Sellers, to reflect the Reverse Share Split (if it is necessary before the Closing) and other terms to be amended or added as agreed between the Purchaser and the Sellers, including the agreements under Section 6.09, Section 6.10 and Section 6.11.

(j) **Termination of Shareholders Agreement.** The amended and restated shareholders agreement by and among the Company and certain of its Subsidiaries and shareholders dated November 30, 2020 and, to the extent not superceded by the foregoing, any other shareholders agreement involving the Company shall have been duly terminated.

Section 7.03 Conditions to the Obligations of the Sellers. The obligations of the Sellers to consummate the Acquisition are subject to the satisfaction or waiver (where permissible under applicable Law) of the following additional conditions at or prior to the Closing Date:

(a) **Representations and Warranties.** Other than the representations and warranties of the Purchaser contained in Section 4.01, Section 4.02, Section 4.03, Section 4.04 and Section 4.05, the representations and warranties of the Purchaser contained in this Agreement (without giving effect to any qualification as to "**materiality**" or "**Purchaser Material Adverse Effect**" set forth therein) shall be true and correct as of the date hereof and as of the Closing Date, as though made on and as of such date and time (other than representations and warranties that by their terms address matters only as of a specified time, which shall be true and correct only as of such time), except where the failure of such representations and warranties of the Purchaser to be so true and correct do not, and would not be reasonably expected to, have a Purchaser Material Adverse Effect, and (ii) the representations and warranties set forth in Section 4.01, Section 4.02, Section 4.03, Section 4.04 and Section 4.05 shall be true and correct in all respects (except, solely with respect to Section 4.03(a) and Section 4.03(b)), for *de minimis* inaccuracies) as of the date hereof and as of the Closing Date, as though made on and as of such date and time (other than representations and warranties that by their terms address matters only as of a specified time, which shall be true and correct only as of such time).

(b) **Agreements and Covenants.** The Purchaser shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

(c) **No Material Adverse Effect.** No Purchaser Material Adverse Effect shall have occurred since the date of this Agreement.

Section 7.04 Frustration of Closing Conditions. Prior to the Termination Date, none of the Sellers or the Purchaser may rely on the failure of any condition set forth in Article VII to be satisfied if such failure was caused by such Party's failure to act in good faith to comply with this Agreement and consummate the Transactions.

ARTICLE VIII

TERMINATION

Section 8.01 Termination by Mutual Consent. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing by mutual written consent of the Purchaser and the Sellers.

Section 8.02 Termination by Either the Sellers or the Purchaser. This Agreement may be terminated by either all of the Sellers or the Purchaser prior to the Closing, if:

(a) The Closing fails to occur on or prior to June 30, 2021 (the "**Termination Date**"); or

(b) any Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any final and non-appealable Order which, or taken any other final and non-appealable action that, has the effect of making consummation of the Transactions illegal or otherwise preventing or prohibiting consummation of the Transactions;

provided, that the right to terminate this Agreement pursuant to this Section 8.02 shall not be available to any Party whose failure to fulfill any of its obligations under this Agreement has been a material cause of, or resulted in, the failure of the applicable condition(s) being satisfied.

Section 8.03 Termination by the Sellers. This Agreement may be terminated by all of the Sellers at any time prior to the Closing, if a breach of any representation, warranty, agreement or covenant of the Purchaser set forth in this Agreement shall have occurred, which breach (i) would give rise to the failure of a condition set forth in Section 7.03 and, as a result of such breach, such condition would not be capable of being satisfied prior to the Termination Date, and (ii) is incapable of being cured or, if capable of being cured, is not cured by the Purchaser within thirty (30) days following receipt of written notice of such breach from the Sellers (or, if the Termination Date is less than thirty (30) calendar days from the date of receipt of such notice, by the Termination Date); *provided* that the Sellers shall not have the right to terminate this Agreement pursuant to this Section 8.03 if the Sellers are then in material breach of any representations, warranties, agreements or covenants of the Sellers hereunder that would give rise to the failure of a condition set forth in Section 7.02.

Section 8.04 Termination by the Purchaser. This Agreement may be terminated by the Purchaser at any time prior to the Closing, if a breach of any representation, warranty, agreement or covenant of the Sellers set forth in this Agreement shall have occurred, which breach (i) would give rise to the failure of a condition set forth in Section 7.02 and as a result of such breach, such condition would not be capable of being satisfied prior to the Termination Date and (ii) is incapable of being cured or, if capable of being cured, is not cured by the Sellers within thirty (30) days following receipt of written notice of such breach from the Purchaser (or, if the Termination Date is less than thirty (30) calendar days from the date of receipt of such notice, by the Termination Date); *provided* that the Purchaser shall not have the right to terminate this Agreement pursuant to this Section 8.04 if the Purchaser is then in material breach of any representations, warranties or covenants of the Purchaser hereunder that would give rise to the failure of a condition set forth in Section 7.03.

Section 8.05 Effect of Termination. In the event of the termination of this Agreement pursuant to Article VIII, this Agreement shall forthwith become void, and there shall be no liability under this Agreement on the part of any Party (or any Representative of such party); provided that the terms of Section 6.01(c), Section 6.06, Articles VIII and IX shall survive any termination of this Agreement.

Section 8.06 Indemnification. Effective at and after the Closing, subject to the terms and conditions of this Section 8.06 and from and after the Closing Date, the Sellers, jointly and severally, hereby agree to indemnify the Purchaser and each of its Affiliates and each of its and their respective members, managers, partners, directors, officers, employees, shareholders, agents, successors and permitted assignees (each of the foregoing, an “**Indemnified Party**”) against and hold each of them harmless from any and all damage, loss and expense (including reasonable expenses of investigation and reasonable attorneys’ fees and expenses in connection with any action, suit or proceeding whether involving a third party claim or a claim solely between the parties hereto) (“**Damages**”) actually suffered by any Indemnified Party arising out of any misrepresentation or breach of warranty or covenant in Section 3.07 and Section 6.08.

Section 8.07 Third Party Claim Procedures.

(a) Each Indemnified Party agrees to give prompt notice in writing to the Sellers of the assertion of any claim or the commencement of any suit, action or proceeding by any third party (“**Third Party Claim**”) in respect of which indemnity may be sought under such section. Such notice shall set forth in reasonable detail such Third Party Claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Sellers shall not relieve the Sellers of their obligations hereunder, except to the extent such failure shall have adversely prejudiced the Sellers.

(b) The Sellers shall be entitled to participate in the defense of any Third Party Claim and, subject to the limitations set forth in this Section 8.07, shall be entitled to control and appoint lead counsel for such defense, in each case at its own expense.

(c) If the Sellers shall assume the control of the defense of any Third Party Claim in accordance with the provisions of this Section 8.07, (i) the Sellers shall obtain the prior written consent of the Indemnified Party (which shall not be unreasonably withheld) before entering into any settlement of such Third Party Claim and (ii) the Indemnified Party shall be entitled to participate in the defense of any Third Party Claim and to employ separate counsel of its choice for such purpose. The fees and expenses of such separate counsel shall be paid by the Indemnified Party.

(d) Each party shall cooperate, and cause their respective affiliates to cooperate, in the defense or prosecution of any Third Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

Section 8.08 Direct Claim Procedures. In the event an Indemnified Party has a claim for indemnity under Section 8.06 against the Sellers that does not involve a Third Party Claim, the Indemnified Party agrees to give prompt notice in writing of such claim to the Sellers. Such notice shall set forth in reasonable detail such claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Sellers shall not relieve the Sellers of their obligations hereunder, except to the extent such failure shall have prejudiced the Sellers. If the Sellers have timely disputed its indemnity obligation for any Damages with respect to such claim, the parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by arbitration pursuant to Section 9.09.

ARTICLE IX

GENERAL PROVISIONS

Section 9.01 Non-Survival of Representations, Warranties and Agreements. The representations, warranties and agreements in this Agreement and in any certificate delivered pursuant hereto shall terminate at the earlier of the Closing and termination of this Agreement pursuant to Article VIII, except that (i) the representations, warranties and agreements made in Section 3.07 and Section 6.08 shall survive the Closing for one (1) year, and (ii) this Section 9.01 shall not limit any covenant or agreement of the Parties which by its terms contemplates performance after the Closing or termination of this Agreement, including the agreements set forth in Article I and Article II, Section 6.09, Section 6.10, Section 6.11 and this Article IX.

Section 9.02 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile, by electronic mail, or by international overnight courier to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.02):

if to the Purchaser:

4/F, Tower D, Building 15
No. 5 Jiangtai Road
Chaoyang District, Beijing
People's Republic of China
Attention: Lucy Yang
E-mail: lucy.yang@kaixin.com

if to the Sellers:

12/F, Tower B, Fudun Centre
58 East Third Ring South Road
Chaoyang District, Beijing
People's Republic of China
Attention: Mingjun Lin
Email: linmingjun@vip.qq.com

Section 9.03 Certain Definitions.

(a) For purposes of this Agreement:

“*Affiliate*” of a specified person means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person.

“*Anticorruption Law*” means Laws relating to anti-bribery or anticorruption (governmental or commercial), which apply to the business and dealings of any Group Company, including the PRC Law on Anti-Unfair Competition adopted on September 2, 1993, the Interim Rules on Prevention of Commercial Bribery issued by the PRC State Administration of Industry and Commerce on November 15, 1996, the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act 2010, as amended from time to time.

“Available Cash” means all cash, cash equivalents and amounts under short term investments and time deposits with maturities less than 363 days as of any relevant time of determination, of the Company and its Subsidiaries on a consolidated basis in one or more bank accounts of the Company or its Subsidiaries, net of issued but uncleared checks and drafts, in each case, as of the Closing Date.

“Business Day” means any day on which the principal offices of the SEC in Washington, D.C. are open to accept filings, or, in the case of determining a date when any payment is due, any day on which banks are not required or authorized to close in New York, Hong Kong, the Cayman Islands or Beijing, PRC.

“Company Debt” means (a) all indebtedness for borrowed money, and (b) all obligations evidenced by notes, bonds, debentures or other similar instruments of the Company and its Subsidiaries.

“Company Employee Plan” means any plan, program, policy, practice, Contract or other arrangement providing for compensation, severance, termination pay, deferred compensation, performance awards, share or share-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, that is or has been maintained, contributed to or required to be contributed to by any Group Company for the benefit of any current or former employee, director or officer of such Group Company, other than any employment Contract or compensatory agreement with a current or former employee, director or officer which is not maintained for the benefit of any group or class of employees.

“Company IT Assets” means all software, systems, servers, computers, hardware, firmware, middleware, networks, data, data communications lines, routers, hubs, switches and all other information technology equipment, and all associated documentation owned by or licensed, pursuant to valid and enforceable license agreements, to the Company and its Subsidiaries.

“Company Material Adverse Effect” means any fact, event, circumstance, change, condition or effect that, individually or in the aggregate with all other facts, events, circumstances, changes, conditions and effects, is or would reasonably be expected to have a material adverse effect on the business, financial condition, or results of operations of the Company and its Subsidiaries taken as a whole; *provided, however*, that in no event shall any of the following, either alone or in combination, constitute, or be taken into account in determining whether there has been or would be, a Company Material Adverse Effect: (i) geopolitical conditions, any outbreak or escalation of war or major hostilities or any act of sabotage or terrorism or natural or man-made disasters, epidemic or pandemic (including without limitation to COVID-19), or other force majeure events, (ii) changes in Laws, GAAP or enforcement or interpretation thereof, in each case proposed, adopted or enacted after the date of this Agreement, (iii) changes or conditions that generally affect the industry and market in which the Company and its Subsidiaries operate, (iv) changes in the financial, credit or other securities or capital markets, or in general economic, business, regulatory, legislative or political conditions, including changes in interest rates and foreign exchange rates, or (v) the announcement, pendency or consummation of the Transactions or the identity of the Purchaser or its Affiliates, including any loss in respect of or change in relationship with any customer, supplier, employee, vendor, or other business partner of the Company or the initiation of litigation or other legal proceeding relating to this Agreement or the Transactions, (vii) any action taken by the Company or any of its Subsidiaries at the written request, or with the written consent, of the Purchaser or expressly required by this Agreement; except, in the case of clause (ii), (iii) or (iv), to the extent having a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to other participants in the industry in which the Company and its Subsidiaries operates (in which case the incremental materially disproportionate impact or impacts may be taken into account in determining whether there has been a Company Material Adverse Effect).

“Company Ordinary Share Equivalents” means, collectively, (a) Company Ordinary Shares, (b) Company Preferred Shares, (c) convertible bonds, options, warrants or other securities that are directly or indirectly convertible into, exercisable for or exchangeable for Company Shares, and (d) other Company Debt or other liabilities intended to be restructured and become convertible into Company Shares, in each case outstanding as of immediately prior to the Closing, and excluding any Equity Securities of the Company owned by the Company as treasury shares.

“**Company Shares**” means the Company Ordinary Shares and the Company Preferred Shares.

“**Contract**” means any note, bond, mortgage, indenture, deed of trust, contract, agreement, lease, license, permit, franchise or other instruments.

“**control**” (including the terms “**controlled by**” and “**under common control with**”) means the possession, directly or indirectly, or as trustee or executor, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities or the possession of voting power, as trustee or executor, by contract or credit arrangement or otherwise.

“**Environmental Laws**” means any applicable PRC national, provincial or local Law, U.S. federal, state or local Law or applicable Laws of any other jurisdiction, relating to (a) pollution, (b) the protection of human health and safety (including workplace health and safety) or the environment, including, without limitation, the storage, use, transport or disposal of solid and hazardous waste, discharges of substances to surface water or groundwater, air emissions, recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Substances, and all Laws relating to endangered or threatened species of fish, wildlife and plants and the management or use of natural resources, and (c) the handling, use, transportation, disposal, release or threatened release of any Hazardous Substance.

“**Equity Securities**” shall mean any share, capital stock, registered capital, partnership, member or similar interest in any entity and any option, warrant, right or security convertible, exchangeable or exercisable therefor or any other instrument or right the value of which is based on any of the foregoing.

“**Exercise Price**” means, with respect to any any Purchaser Option, the applicable exercise price per Share underlying such Purchaser Option.

“**Expenses**” means, with respect to any Party, all out-of-pocket fees and expenses (including all fees and expenses of counsel, accountants, investment banking firms and other financial institutions, experts and consultants to such party and its Affiliates) actually incurred or accrued by such Party or its Affiliates or on its or their behalf or for which it or they are liable in connection with or related to the authorization, preparation, negotiation, execution and performance of the Transactions, the filing of any required notices under applicable Laws (including those related to Requisite Regulatory Approvals) and all other matters related to the closing of the Acquisition and the other Transactions.

“**Government Official**” means any officer, employee or other individual acting in an official capacity for a Governmental Authority or agency or instrumentality thereof (including any state-owned or controlled enterprise).

“**Group Company**” means any of the Company and its Subsidiaries.

“**Hazardous Substance**” means any materials, chemicals, pollutants, contaminants, wastes, toxic or hazardous substances, including without limitation (a) those listed, classified or regulated under any Environmental Law as hazardous substance, toxic substance, pollutant, contaminant or oil, (b) those that can cause harm to living organisms, human welfare, or the environment, (c) those whose presence, handling, or management requires registration, authorization, investigation or remediation under Environmental Laws and (d) any petroleum product or by product, asbestos containing material, polychlorinated biphenyl, radioactive material, lead, pesticides, natural gas and nuclear fuel.

“Indebtedness” means, with respect to any person, (a) all indebtedness of such person, whether or not contingent, for borrowed money, (b) all obligations of such person for the deferred purchase price of property or services, (c) all obligations of such person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such person under currency, interest rate or other swaps, and all hedging and other obligations of such person under other derivative instruments, (e) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (f) all obligations of such person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (g) all obligations, contingent or otherwise, of such person under acceptance, letter of credit or similar facilities, (h) all obligations of such person to purchase, redeem, retire, defease or otherwise acquire for value any share capital of such person or any warrants, rights or options to acquire such share capital, valued, in the case of redeemable preferred shares, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (i) all Indebtedness of others referred to in clauses (a) through (h) above guaranteed directly or indirectly in any manner by such person, and (j) all Indebtedness referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Liens on property (including accounts and contract rights) owned by such person, even though such person has not assumed or become liable for the payment of such Indebtedness.

“Intellectual Property” means all rights, anywhere in the world, in or to: (a) patents, patent applications (and any patents that issue from those patent application), certificates of invention, substitutions relating to any of the patents and patent applications, utility models, inventions and discoveries, statutory invention registrations, mask works, invention disclosures, industrial designs, community designs and other designs, and any other governmental grant for the protection of inventions or designs; (b) Trademarks; (c) works of authorship (including software) and copyrights, and moral rights, design rights and database rights therein and thereto, whether or not registered; (d) confidential and proprietary information, including trade secrets, know-how and invention rights; and (e) registrations, applications, renewals, reissues, reexaminations, continuations, continuations-in-part, divisions, extensions, and foreign counterparts for any of the foregoing in clauses (a)-(c).

“knowledge” means, with respect to each of the Sellers and the Purchaser, the knowledge, after due inquiry, of any director or executive officer of such Party.

“Leased Real Property” shall mean all material leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures or other interest in real property held by any Group Company or any Purchaser Group Company, as the case may be.

“Leases” shall mean all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guarantees and other agreements with respect thereto, pursuant to which any Group Company or any Purchaser Group Company, as the case may be, holds any Leased Real Property, including the right to all security deposits and other amounts and instruments deposited by or on behalf of any Group Company or any Purchaser Group Company, as the case may be.

“Liens” means any security interest, pledge, hypothecation, mortgage, lien (including environmental and Tax liens), violation, charge, lease, license, encumbrance, servient easement, adverse claim, reversion, reverter, preferential arrangement, restrictive covenant, condition or restriction of any kind, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

“Owned Real Property” shall mean all material real property and interests in real property, land use rights together with all buildings, structures, improvements and fixtures located thereon, and all easements and other rights and interests appurtenant thereto, owned by any Group Company or any Purchaser Group Company, as the case may be.

“Purchaser Board” means the board of directors of the Purchaser.

“Purchaser Debt” means (a) all indebtedness for borrowed money, and (b) all obligations evidenced by notes, bonds, debentures or other similar instruments of the Purchaser and its Subsidiaries.

“Purchaser Employee Plan” means any plan, program, policy, practice, Contract or other arrangement providing for compensation, severance, termination pay, deferred compensation, performance awards, share or share-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether written, unwritten or otherwise, that is or has been maintained, contributed to or required to be contributed to by any Purchaser Group Company for the benefit of any current or former employee, director or officer of such Purchaser Group Company, other than any employment Contract or compensatory agreement with a current or former employee, director or officer which is not maintained for the benefit of any group or class of employees.

“Purchaser Equity Incentive Plan” means the 2019 Equity Incentive Plan and the 2020 Equity Incentive Plan of the Purchaser and all amendments and modifications thereto.

“Purchaser Group Company” means any of the Purchaser and its Subsidiaries.

“Purchaser IT Assets” means all software, systems, servers, computers, hardware, firmware, middleware, networks, data, data communications lines, routers, hubs, switches and all other information technology equipment, and all associated documentation owned by or licensed, pursuant to valid and enforceable license agreements, to the Purchaser and its Subsidiaries.

“Purchaser Material Adverse Effect” means any fact, event, circumstance, change, condition or effect that, individually or in the aggregate with all other facts, events, circumstances, changes, conditions and effects, is or would reasonably be expected to have a material adverse effect on the business, financial condition, or results of operations of the Purchaser and its Subsidiaries taken as a whole; *provided, however*, that in no event shall any of the following, either alone or in combination, constitute, or be taken into account in determining whether there has been or would be, a Purchaser Material Adverse Effect: (i) geopolitical conditions, any outbreak or escalation of war or major hostilities or any act of sabotage or terrorism or natural or man-made disasters, epidemic or pandemic (including without limitation to COVID-19), or other force majeure events, (ii) changes in Laws, GAAP or enforcement or interpretation thereof, in each case proposed, adopted or enacted after the date of this Agreement, (iii) changes or conditions that generally affect the industry and market in which the Purchaser and its Subsidiaries operate, (iv) changes in the financial, credit or other securities or capital markets, or in general economic, business, regulatory, legislative or political conditions, including changes in interest rates and foreign exchange rates, (v) any failure, in and of itself, of the Purchaser and its Subsidiaries to meet any internal or published projections, estimates, budgets, plans or forecasts of revenues, earnings or other financial performance measures or operating statistics or predictions or changes in the market price or trading volume of the securities of such person or the credit rating of such person (it being understood that the underlying facts giving rise or contributing to such failure or change may be taken into account in determining whether there has been a Purchaser Material Adverse Effect if such facts are not otherwise excluded under this definition), (vi) the announcement, pendency or consummation of the Transactions or the identity of the Company or its Affiliates, including any loss in respect of or change in relationship with any customer, supplier, employee, vendor, or other business partner of the Purchaser or the initiation of litigation or other legal proceeding relating to this Agreement or the Transactions, (vii) any action taken by the Purchaser or any of its Subsidiaries at the written request, or with the written consent, of the Company or expressly required by this Agreement, or (viii) any suit, claim, request for indemnification or proceeding brought by any current or former shareholder of the Purchaser (on their own behalf or on behalf of the Purchaser) for breaches of fiduciary duties, violations of the securities Laws or otherwise in connection with this Agreement or the Transactions; except, in the case of clause (ii), (iii) or (iv), to the extent having a materially disproportionate effect on the Purchaser and its Subsidiaries, taken as a whole, relative to other participants in the industry in which the Purchaser and its Subsidiaries operates (in which case the incremental materially disproportionate impact or impacts may be taken into account in determining whether there has been a Purchaser Material Adverse Effect).

“Purchaser Option” means each option to purchase Purchaser Shares and each restricted share or restricted share unit exchangeable for Purchaser Shares, granted under the Purchaser Equity Incentive Plan on or prior to the Closing Date whether or not such option, restricted share or restricted share unit has become vested on or prior to the Closing Date in accordance with the terms thereof.

“**Purchaser Ordinary Share Equivalents**” means, collectively, (a) Purchaser Shares, (c) convertible bonds, options, warrants or other securities that are directly or indirectly convertible into, exercisable for or exchangeable for Purchaser Shares, and (c) Purchaser Debt or other liabilities intended to be restructured and become convertible into Purchaser Shares, in each case outstanding as of immediately prior to the Closing, and excluding any Equity Securities of the Purchaser owned by the Purchaser as treasury shares.

“**Permitted Liens**” shall mean (i) all defects, exceptions, restrictions, easements, rights of way and encumbrances disclosed in policies of title insurance; (ii) mechanics’, carriers’, workers’, repairers’ and similar statutory Liens arising or incurred in the ordinary course of business for amounts (A) that are not delinquent, (B) that are not material to the business, operations and financial condition of any Group Company or any Purchaser Group Company, as applicable, so encumbered, either individually or in the aggregate, and (C) that are not resulting from a breach, default or violation by any Group Company or any Purchaser Group Company, as applicable, of any Contract or Law; and (iii) Liens for Taxes not yet due and payable or which are being contested in good faith by appropriate proceedings (and for which adequate accruals or reserves have been established in accordance to GAAP).

“**person**” means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including a “**person**” as defined in Section 13(d)(3) of the Exchange Act), trust, association or entity or government, political subdivision, agency or instrumentality of a government.

“**Preferred Shares Conversion Ratio**” with respect to each Company Preferred Share means the conversion ratio equal to the number of Company Ordinary Shares convertible from such Company Preferred Share, as adjusted based on the articles of association of the Company and the relevant resolutions, consents and waivers.

“**RMB**” means Renminbi, the lawful currency of the PRC.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Subsidiary**” means, with respect to any party, any person (x) of which such party or any other Subsidiary of such party is a general or managing partner, (y) of which at least a majority of the securities (or other interests having by their terms ordinary voting power to elect a majority of the board of directors or other performing similar functions with respect to such corporation or other organization) is, directly or indirectly, owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries or (z) whose assets and financial results are consolidated with the net earnings of such party and are recorded on the books of such party for financial reporting purposes in accordance with GAAP.

“**Taxes**” means any and all taxes, fees, levies, duties, tariffs, imposts and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority or taxing authority, including taxes or other charges on or with respect to income, franchise, windfall or other profits, gross receipts, occupation, property, real estate, deed, land use, sales, use, capital stock, payroll, severance, employment (including withholding obligations imposed on employer/payer), social security, workers’ compensation, unemployment compensation or net worth; taxes or other charges in the nature of excise, withholding (as payor or payee), ad valorem, stamp, transfer, value-added or gains taxes; license, registration and documentation fees; and customers’ duties, tariffs and similar charges.

“**Third Party**” means any person or “**group**” (as defined under Section 13(d) of the Exchange Act) of persons, other than the Purchaser or any of its Affiliates or Representatives.

“**Trademarks**” means trademarks, service marks, logos, slogans, brand names, domain names, uniform resource locators, trade dress, trade names, corporate names, geographical indications and other identifiers of source or goodwill, including the goodwill symbolized thereby or associated therewith, in any and all jurisdictions, whether or not registered.

“**Trading Day**” means a day on which trading in the Purchaser Shares (or other Equity Security of the Purchaser for which a closing sale price must be determined) generally occurs on the NASDAQ.

“**Transaction Documents**” means this Agreement and the other agreements or documents required to be executed and/or delivered by any Party in connection with the execution of this Agreement or the consummation of the Transactions.

(b) The following terms have the meaning set forth in the Sections set forth below:

Defined Term	Location of Definition
Action	Section 4.09
Agreement	Preamble
Acquisition	Recitals
Bankruptcy and Equity Exception	Section 3.04
CEO	Section 6.09
Closing	Section 2.01(a)
Closing Date	Section 2.01(a)
Company	Recitals
Company Intellectual Property	Section 3.13(a)
Company Material Contracts	Section 3.16
Company Ordinary Share(s)	Section 3.03(a)
Company Preferred Share(s)	Section 3.03(a)
Company Series A Preferred Shares	Section 3.03(a)
Company Series A-1 Preferred Shares	Section 3.03(a)
Consideration Shares	Section 1.01
Damages	Section 8.06
Environmental Permits	Section 3.17
Exchange Act	Section 4.05(b)
GAAP	Section 3.07(a)
Governmental Authority	Section 3.05(b)
HKIAC Rules	Section 9.09(b)
Indemnified Party	Section 8.06
Kaixin Assets Committee	Section 6.10
Law	Section 3.05(a)
Material Company Permits	Section 3.06(a)
Material Purchaser Permits	Section 3.06(a)
Mr. Lin	Section 6.09
NASDAQ	Section 4.05(b)
Order	Section 7.01(a)
Purchaser	Preamble
Purchaser Intellectual Property	Section 3.13(a)
Purchaser Material Contracts	Section 4.16
Purchaser SEC Reports	Section 4.07(c)
Party(ies)	Preamble
PRC	Section 3.06(a)
Pre-Acquisition Assets	Section 6.10
Pre- Acquisition Liabilities	Section 6.10
Purchaser Share(s)	Section 4.03(a)
Purchaser Preferred Share	Section 4.03(a)
Renren	Section 6.09
Representatives	Section 6.01(a)
Requisite Regulatory Approvals	Section 4.05(b)
Reverse Share Split	Section 7.02(h)

Defined Term	Location of Definition
SAFE	Section 3.06(a)
SAFE Rules and Regulations	Section 3.06(d)
Sale Shares	Section 1.01
Securities Act	Section 4.07(c)
Seller(s)	Preamble
Takeover Statute	Section 3.19
Termination Date	Section 8.02(a)
Third Party Claim	Section 8.07
Trade Secrets	Section 3.13(f)
Transactions	Section 3.04

Section 9.04 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Transactions be consummated as originally contemplated to the fullest extent possible.

Section 9.05 Interpretation. When a reference is made in this Agreement to a Section, Article or Exhibit such reference shall be to a Section, Article or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit but not otherwise defined therein shall have the meaning set forth in this Agreement. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word **“including”** and words of similar import when used in this Agreement will mean **“including, without limitation,”** unless otherwise specified. The words **“hereof,” “herein”** and **“hereunder”** and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns. References to clauses without a cross-reference to a Section or subsection are references to clauses within the same Section or, if more specific, subsection. References from or through any date shall mean, unless otherwise specified, from and including or through and including, respectively. The symbol **“US\$”** refers to United States Dollars. All US\$ amounts used in this Agreement include the equivalent amount denominated in other currencies. The word **“extent”** in the phrase **“to the extent”** means the degree to which a subject or other thing extends and such phrase shall not mean simply **“if.”** References to **“day”** shall mean a calendar day unless otherwise indicated as a **“Business Day.”**

Section 9.06 Entire Agreement; Assignment. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof (for the avoidance of doubt, including the binding term sheet by and between the Company and the Purchaser dated on or about November 3, 2020. This Agreement shall not be assigned (whether pursuant to a merger, by operation of law or otherwise). Any purported assignment in violation of this Section 9.06 is void.

Section 9.07 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement; provided, however, that in no event shall any holders of Company Shares, in each case in their capacity as such, have any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. Notwithstanding anything to the contrary herein, the Parties agree that Mr. Lin shall be able to enforce his rights under Section 6.09, and Renren shall be able to enforce its rights under Section 6.09, Section 6.10 and Section 6.11.

Section 9.08 Specific Performance.

(a) Subject to Section 9.08(b), the Parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof by the parties, and that money damages or other legal remedies would not be an adequate remedy for such damages. Accordingly, subject to Section 9.08(b), the Parties acknowledge and hereby agree that in the event of any breach by the Sellers, on the one hand, or the Purchaser, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, the Sellers, on the one hand, or the Purchaser, on the other hand, shall each be entitled to specific performance of the terms hereof (including the obligation of the parties to consummate the Acquisition, subject in each case to the terms and conditions of this Agreement), including an injunction or injunctions to prevent breaches of this Agreement by any party, in addition to any other remedy at law or equity.

(b) Each party waives (i) any defenses in any action for an injunction or other appropriate form of specific performance or equitable relief, including the defense that a remedy at law would be adequate, and (ii) any requirement under any Law to post a bond or other security as a prerequisite to obtaining an injunction or other appropriate form of specific performance or equitable relief. Notwithstanding anything herein to the contrary, (x) while the Parties may pursue a grant of specific performance, neither the Purchaser, on the one hand, nor the Sellers, on the other hand, shall be permitted or entitled to receive both a grant of specific performance that results in a Closing and payment of such amounts, and (y) upon the payment of such amounts, the remedy of specific performance shall not be available against the party making such payment and, if such party is the Purchaser, any other member of the Purchaser Group or, if such party is the Sellers, any Group Companies.

Section 9.09 Governing Law; Dispute Resolution.

(a) This Agreement shall be interpreted, construed and governed by and in accordance with the Laws of the Hong Kong Special Administrative Region without regard to the conflicts of law principles thereof that would subject such matter to the Laws of another jurisdiction.

(b) Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Center Administered Arbitration Rules (the "**HKIAC Rules**") in force when the notice of arbitration is submitted in accordance with the HKIAC Rules. The HKIAC Rules are deemed to be incorporated by reference to this clause. The tribunal shall be comprised of three arbitrators. the Purchaser, on one hand, and the Sellers, on the other hand, shall each nominate one arbitrator and the third, who shall serve as president of the tribunal, shall be nominated by the party-nominated arbitrators. The arbitration shall be conducted in English. Each Party irrevocably and unconditionally consents to such arbitration as the sole and exclusive method of resolving any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, other than any proceedings to seek the remedies of specific performance as contemplated by Section 9.08.

(c) The award of the arbitral tribunal shall be final and binding on the Parties. The Parties agree that they will not have recourse to any judicial proceedings, in any jurisdiction whatsoever, for the purpose of seeking appeal, annulment, setting aside, modification or any diminution or impairment of its terms or effect insofar as such exclusion can validly be made. Judgment upon any award rendered may be entered in any court having jurisdiction thereof, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

Section 9.10 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 9.10.

Section 9.11 Amendment. This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

Section 9.12 Further Assurances. Each Party agrees (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

Section 9.13 Waiver. At any time prior to the Closing, any Party may (i) extend the time for the performance of any obligation or other act of any other Party, (ii) waive any inaccuracy in the representations and warranties of any other Party contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any agreement of any other Party or any condition to its own obligations contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the Party or Parties to be bound thereby. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.14 Expenses. Except as may be otherwise agreed in writing between the Purchaser and the Sellers, (i) if the Closing occurs and the Acquisition is completed, all Expenses incurred in connection with this Agreement and the Transactions shall be borne and paid by the Purchaser, and (ii) the Closing fails to occur and the Acquisition fails to be completed, all Expenses incurred in connection with this Agreement and the Transactions shall be paid by the Party incurring such Expenses.

Section 9.15 Counterparts. This Agreement may be executed and delivered (including by e-mail of PDF or scanned versions or facsimile transmission) in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective directors or officers thereunto duly authorized.

KAIXIN AUTO HOLDINGS

By: /s/ James Liu
Name: James Liu
Title: Director

YUNFEIYANG LIMITED

By: /s/ Mingjun Lin
Name: Mingjun Lin
Title: Director

QIANGQIANG LIMITED

By: /s/ Yun Wu
Name: Yun Wu
Title: Director

AADD LIMITED

By: /s/ Da An
Name: Da An
Title: Director

HJDXL LIMITED

By: /s/ Xiaolei Ding
Name: Xiaolei Ding
Title: Director

DINGQIN LIMITED

By: /s/ Shiqiong Hu
Name: Shiqiong Hu
Title: Director

WIRELESSROCK INC.

By: /s/ Leilei Wang
Name: Leilei Wang
Title: Director

RIGHT ADVANCE MANAGEMENT LIMITED

By: /s/ Limei Wang
Name: Limei Wang
Title: Director

FIT RUN LIMITED

By: /s/ Jun Han
Name: Jun Han
Title: Director

SCHEDULE I

SALE SHARES AND CONSIDERATION SHARES

SHAREHOLDER	SALE SHARES	CONSIDERATION SHARES
Yunfeiyang Limited	4,657,628 Company Shares (all of which are Company Ordinary Shares)	31,289,189 Purchaser Shares
Qiangqiang Limited	1,080,032 Company Shares (all of which are Company Ordinary Shares)	7,255,480 Purchaser Shares
FIT RUN LIMITED	1,078,930 Company Shares (including 584,512 Company Ordinary Shares and 494,418 Company Series A-1 Preferred Shares)	7,248,077 Purchaser Shares
Aadd Limited	1,077,828 Company Shares (all of which are Company Ordinary Shares)	7,240,673 Purchaser Shares
Wirelessrock Inc.	900,000 Company Shares (all of which are Company Series A Preferred Shares)	6,046,054 Purchaser Shares
RIGHT ADVANCE MANAGEMENT LIMITED	900,000 Company Shares (all of which are Company Series A Preferred Shares)	6,046,054 Purchaser Shares
Hjdxl Limited	800,000 Company Shares (including 600,000 Company Ordinary Shares and 200,000 Company Series A Preferred Shares)	5,374,270 Purchaser Shares
DingQin Limited	526,316 Company Shares (all of which are Company Series A-1 Preferred Shares)	3,535,705 Purchaser Shares
Total	11,020,734 Company Shares (including 8,000,000 Company Ordinary Shares, 2,000,000 Company Series A Preferred Shares and 1,020,734 Company Series A-1 Preferred Shares)	74,035,502 Purchaser Shares

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of March 31, 2021, between Kaixin Auto Holdings, an exempted company incorporated under the laws of the Cayman Islands (the "Company"), and Renren Inc., an exempted company incorporated under the laws of the Cayman Islands and a controlling shareholder of the Company as of the date of this Agreement (the "Purchaser").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I. DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Certificate of Designation (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

"Certificate of Designation" means the Certificate of Designation duly approved by the Board of Directors, in the form of Exhibit A attached hereto.

“Closing” means the closing of the purchase and sale of the Preferred Shares pursuant to Section 2.1.

“Closing Date” means March 31, 2021.

“Commission” means the United States Securities and Exchange Commission.

“Conversion Price” shall have the meaning ascribed to such term in the Certificate of Designation.

“Conversion Shares” shall have the meaning ascribed to such term in the Certificate of Designation.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“HTC Merger” means the proposed merger or acquisition upon the consummation of which Haitaoche Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, will become a wholly-owned subsidiary of the Company.

“Liens” means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Ordinary Shares” means the ordinary shares of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Ordinary Shares Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Ordinary Shares, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Ordinary Shares.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Shares” means the up to 6,000 shares of the Company’s Series D Convertible Preferred Shares issued hereunder having the rights, preferences and privileges set forth in the Certificate of Designation.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Required Approvals” shall have the meaning ascribed to such term in Section 3.1(e).

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Securities” means the Preferred Shares and the Underlying Shares.

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

“Series A Preferred Shares” means the up to 6,000 shares of the Company’s Series A Convertible Preferred Shares issued or to be issued pursuant to the securities purchase agreement entered into by the Company and several purchasers therein on December 28, 2020.

“Stated Value” means \$1,000 per Preferred Share.

“Subsidiary” means any direct or indirect subsidiary of the Company and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Ordinary Shares are listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transaction Documents” means this Agreement, the Certificate of Designation, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means Continental Stock Transfer & Trust Company, the current transfer agent of the Company, with a mailing address of One State Street, 30th Floor, New York, NY10004-1561 and an email address of compliance@continentalstock.com, and any successor transfer agent of the Company.

“Underlying Shares” means the Ordinary Shares issued and issuable upon conversion of the Preferred Shares, and issued and issuable in lieu of the cash payment of dividends on the Preferred Shares in accordance with the terms of the Certificate of Designation.

ARTICLE II. PURCHASE AND SALE

2.1 Closings.

On the Closing Date, upon the terms and subject to the conditions set forth herein, the Company agrees to sell, and the Purchaser agrees to purchase, an aggregate of 6,000 Series D Preferred Shares for the aggregate consideration of US\$6,000,000. The Purchaser shall deliver to the Company, via wire transfer, immediately available funds of US\$6,000,000, and the Company shall deliver to the Purchaser 6,000 Series D Preferred Shares, and the Company and the Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing.

2.2 Deliveries.

- (a) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to the Purchaser the following:
 - (i) this Agreement duly executed by the Company;
 - (ii) the resolutions of the Board of Directors approving the Certificate of Designation; and
 - (iii) a certificate evidencing an aggregate of 6,000 Series D Preferred Shares.
- (b) The Purchaser shall deliver or cause to be delivered to the Company the following:
 - (i) this Agreement duly executed by the Purchaser on or prior to the Closing Date; and
 - (ii) the amount of US\$6,000,000 by wire transfer to the account specified in writing by the Company within five business Days of the Closing Date.

ARTICLE III. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to the Purchaser:

(a) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted.

(b) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(c) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, anti-dilution or similar adjustments, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a material adverse effect.

(d) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the notice and/or application(s) to each applicable Trading Market for the issuance and sale of the Securities and the listing of the Underlying Shares for trading thereon in the time and manner required thereby, and (ii) the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(e) Approvals by other Rights Holders. The Company has obtained the requisite approvals, or waivers, as the case may be, from (i) Haitaoche Limited in connection with the HTC Merger, and (ii) holders of the Series A Preferred Shares, as set forth in the respective transactional documents.

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Underlying Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock a number of Ordinary Shares for issuance of the Underlying Shares at least equal to the Required Minimum on the date hereof.

(g) Private Placement. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchaser as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(h) Investment Company. The Company is not, and immediately after receipt of payment for the Securities, will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(i) No Integrated Offering. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(j) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchaser and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(k) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(l) No Disqualification Events. With respect to the Securities to be offered and sold hereunder in reliance on Rule 506 under the Securities Act, other than the Purchaser, none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of sale (each, an "Issuer Covered Person" and, together, "Issuer Covered Persons") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e).

(m) Other Covered Persons. The Company is not aware of any person (other than any Issuer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Securities.

(n) Notice of Disqualification Events. The Company will notify the Purchaser in writing, prior to each Closing Date of (i) any Disqualification Event relating to any Issuer Covered Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Issuer Covered Person.

3.2 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. The Purchaser understands that the Securities are “restricted securities” and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser’s right to sell the Securities pursuant to a registration statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it converts any Preferred Shares, it will be an “accredited investor” as defined in Rule 501(a) under the Securities Act.

(d) Experience of Such Purchaser. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. The Purchaser is not, to such Purchaser’s knowledge, purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or, to the knowledge of such Purchaser, any other general solicitation or general advertisement.

(f) Disqualification Event. The Purchaser is not subject to any Disqualification Event.

ARTICLE IV. OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights and obligations of a Purchaser under this Agreement.

(b) The Purchaser agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES INTO WHICH THIS SECURITY IS [EXERCISABLE] [CONVERTIBLE]] HAS [NOT] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES COMMISSION OF ANY STATE, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY [AND THE SECURITIES ISSUABLE UPON [EXERCISE]/[CONVERSION] OF THIS SECURITY] MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER- DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

4.2 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding Ordinary Shares, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Shares pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.3 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.4 Indemnification of Purchaser. Subject to the provisions of this Section 4.4, the Company will indemnify and hold the Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is solely based upon a material breach of such Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which is finally judicially determined to constitute fraud, gross negligence or willful misconduct). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party.

4.5 Conversion Procedures. The form of Notice of Conversion included in the Certificate of Designation set forth the totality of the procedures required of the Purchasers in order to convert the Preferred Shares. Without limiting the preceding sentences, no ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required in order to convert the Preferred Shares. No additional legal opinion, other information or instructions shall be required of the Purchaser to convert its Preferred Shares. The Company shall honor conversions of the Preferred Shares and shall deliver Underlying Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.6 Registration Rights. Subject to the relevant restrictions set forth in the securities purchase agreement dated December 28, 2020 in connection with the sales and purchase of Series A Preferred Shares, the Company grants to the Purchaser customary registration rights pursuant to which the Company agrees to file one (1) shelf registration statement on Form F-3 to register any Underlying Shares following a written demand by the Purchaser.

4.7 Use of Proceeds. The Company shall not take, permit to occur, approve, authorize, or agree or commit to do anything related to the use of the net proceeds from the sale of the Securities hereunder without the approval of the director appointed by the Purchaser.

ARTICLE V. MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by the Purchaser by written notice to the Company, if the Closing has not been consummated on or before the Closing Date.

5.2 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment at the e-mail address as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile or email attachment at the facsimile number or e-mail address as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, or (c) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.4 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchaser or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right. Any amendment effected in accordance with this Section 5.4 shall be binding upon each Purchaser and holder of Securities and the Company.

5.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchaser (other than by merger). The Purchaser may assign any or all of its rights under this Agreement to any Person to whom the Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchaser."

5.6 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.4 and this Section 5.6.

5.7 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York.

5.8 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.9 **WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

KAIXIN AUTO HOLDINGS

By: /s/ Joseph Chen

Name: Joseph Chen

Title: Director

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

RENREN INC.

By: /s/ James Liu

Name: James Liu

Title: Director

EXHIBIT A

FORM OF CERTIFICATE OF DESIGNATION

KAIXIN AUTO HOLDINGS
CERTIFICATE OF DESIGNATION
OF
SERIES D CONVERTIBLE PREFERRED SHARES

The undersigned, the chairman of the board of directors (the "Board of Directors") of Kaixin Auto Holdings, incorporated under the laws of the Cayman Islands (the "Company"), does hereby certify that:

FIRST, according to the Second Amended and Restated Memorandum of Association of the Company (the "Memorandum and Articles"), the authorized 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 ("Ordinary Shares").

SECOND, according to the Memorandum and Articles, the Board of Directors may provide, out of the unissued shares, for series of preferred shares, and before any preferred shares of any such series are issued, the Board of Directors shall fix, among other things, the designation of such series, the number of preferred shares to constitute such series, the subscription price thereof, the dividends, if any, payable on such series, voting rights, redemption rights, conversion rights, liquidation preferences and other rights of the holders of such series.

THIRD, the Board of Directors, pursuant to the authority designated to it under the Memorandum and Articles, has authorized, by unanimous written resolutions of the Board of Directors dated March 31, 2021, the adoption of this Certificate of Designation of Series D Convertible Preferred Shares (this "Certificate of Designation") to create and issue a new series of convertible preferred shares of the Company with preference, priority, special privilege and other rights provided herein and that 6,000 of the authorized but unissued Ordinary Shares in the authorized share capital of the Company be re-designated as Series D Convertible Preferred Shares.

NOW, THEREFORE, a new series of preferred shares of the Company shall be created and issued with the rights, preferences and restrictions as follows:

TERMS OF PREFERRED SHARES

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

“Alternate Consideration” shall have the meaning set forth in Section 7(d).

“Bankruptcy Event” means any of the following events: (a) the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a voluntary case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof, or (b) the Company or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts.

“Base Conversion Price” shall have the meaning set forth in Section 7(b).

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to “stay at home”, “shelter-in-place”, “non-essential employee” or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

“Change of Control Transaction” means the occurrence after the date hereof of any of (a) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 50% of the voting securities of the Company (other than by means of conversion or exercise of Preferred Shares and the Securities issued together with the Preferred Shares), (b) the Company merges into or consolidates with any other Person, or any Person merges into or consolidates with the Company and, after giving effect to such transaction, the shareholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the Company or the successor entity of such transaction, (c) the Company sells or transfers all or substantially all of its (and all of its Subsidiaries, taken as a whole) assets to another Person and the shareholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the acquiring entity immediately after the transaction, or (d) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (c) above. Notwithstanding anything herein to the contrary, the HTC Merger shall not be deemed a Change of Control Transaction.

“Closing” means the closing of the purchase and sale of the Securities pursuant to Section 2.1 of the Purchase Agreement.

“Commission” means the United States Securities and Exchange Commission.

“Conversion Amount” means the sum of the Stated Value at issue.

“Conversion Date” shall have the meaning set forth in Section 6(a).

“Conversion Price” shall have the meaning set forth in Section 6(b).

“Conversion Shares” means the Ordinary Shares issuable upon conversion of the Preferred Shares in accordance with the terms hereof.

“Dilutive Issuance” shall have the meaning set forth in Section 7(b).

“Dilutive Issuance Notice” shall have the meaning set forth in Section 7(b).

“Dividend Payment Date” shall have the meaning set forth in Section 3(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exempt Issuance” means the issuance of (a) Ordinary Shares or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose, (b) securities upon the exercise or exchange of or conversion of any securities issued pursuant to the Purchase Agreement and/or other securities exercisable or exchangeable for or convertible into Ordinary Shares issued and outstanding on the date of the Purchase Agreement, provided that such securities have not been amended since the date of the Purchase Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of any such securities or to extend the term of such securities and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, (d) Ordinary Shares issued in connection with the HTC Merger, (e) Series A Preferred Shares and the corresponding underlying Ordinary Shares and (f) in any 12-month period, up to 1,000,000 unregistered Ordinary Shares (subject to adjustment for reverse and forward stock splits and the like) in transactions not described in (a)-(e) above.

“Fundamental Transaction” shall have the meaning set forth in Section 7(d).

“GAAP” means United States generally accepted accounting principles.

“Holder” shall have the meaning given such term in Section 2.

“HTC Merger” means the proposed merger or acquisition upon the consummation of which Haitaoche Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, will become a wholly-owned subsidiary of the Company.

“Junior Securities” means the Ordinary Shares and all other Ordinary Shares Equivalents of the Company other than those securities which are explicitly senior or pari passu to the Preferred Shares in dividend rights or liquidation preference.

“Liquidation” shall have the meaning set forth in Section 5.

“New York Courts” shall have the meaning set forth in Section 11(d).

“Notice of Conversion” shall have the meaning set forth in Section 6(a).

“Optional Redemption” shall have the meaning set forth in Section 8(b).

“Optional Redemption Amount” means, in relation to each outstanding Preferred Share, the sum of (a) 105% of the Stated Value, (b) accrued but unpaid dividends and (c) all liquidated damages and other amounts due in respect of the Preferred Shares.

“Optional Redemption Date” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice” shall have the meaning set forth in Section 8(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 8(a).

“Ordinary Shares Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Ordinary Shares, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Ordinary Shares.

“Original Issue Date” means, with respect to each Preferred Share, the date of the first issuance of such Preferred Share regardless of the number of transfers of such Preferred Share and regardless of the number of certificates which may be issued to evidence such Preferred Share.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Shares” shall have the meaning set forth in Section 2.

“Purchase Agreement” means the Securities Purchase Agreement, dated as of March 31, 2021, among the Company and the original Holder, as amended, modified or supplemented from time to time in accordance with its terms.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Securities” means the Preferred Shares and the Underlying Shares.

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

“Series A Preferred Shares” means the up to 6,000 shares of the Company’s Series A Convertible Preferred Shares issued or to be issued pursuant to the securities purchase agreement entered into by the Company and the several purchasers therein on December 28, 2020, which are pari passu to the Preferred Shares in dividend rights or liquidation preference.

“Share Delivery Date” shall have the meaning set forth in Section 6(c).

“Stated Value” shall have the meaning set forth in Section 2.

“Subsidiary” means any direct or indirect subsidiary of the Company and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date of the Purchase Agreement.

“Successor Entity” shall have the meaning set forth in Section 7(d).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Ordinary Shares is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transaction Documents” means this Certificate of Designation, the Purchase Agreement, and any other documents or agreements executed in connection with the transactions contemplated pursuant to the Purchase Agreement.

“Transfer Agent” means Continental Stock Transfer & Trust Company, the current transfer agent of the Company with a mailing address of One State Street, 30th Floor, New York, NY 10004-1561 and an email address of compliance@continentalstock.com, and any successor transfer agent of the Company.

“Triggering Event” shall have the meaning set forth in Section 10(a).

“Triggering Redemption Amount” means, for each share of Preferred Shares, the sum of (a) 105% of the Stated Value, (b) all accrued but unpaid dividends thereon and (c) all liquidated damages and other costs, expenses or amounts due in respect of the Preferred Shares.

“Triggering Redemption Payment Date” shall have the meaning set forth in Section 10(b).

“Underlying Shares” means the Ordinary Shares issued and issuable upon conversion or redemption of the Preferred Shares, or in lieu of the cash payment of dividends on the Preferred Shares in accordance with the terms of this Certificate of Designation.

“Variable Rate Transaction” means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive, additional Ordinary Shares either (A) at a conversion price, exercise price or exchange rate or other price that is based upon, and/or varies with, the trading prices of or quotations for the Ordinary Shares at any time after the initial issuance of such debt or equity securities or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Ordinary Shares or (ii) enters into, or effects a transaction under, any agreement, including, but not limited to, an equity line of credit, whereby the Company may issue securities at a future determined price.

Section 2. Designation, Amount and Par Value. The series of preferred shares shall be designated as the Company’s Series D Convertible Preferred Shares (the “Preferred Shares”) and the number of shares so designated shall be up to 6,000 (which shall not be subject to increase without the written consent of the holders of a majority of the then outstanding Preferred Shares (each, a “Holder” and collectively, the “Holders”). Each Preferred Share shall have a par value of \$0.0001 per share and a stated value equal to \$1,000 (the “Stated Value”).

Section 3. Dividends.

a) Dividends in Cash or in Kind. Holders shall be entitled to receive, and the Company shall pay, cumulative dividends at the rate per share (as a percentage of the Stated Value per share) of 5% per annum, payable annually every twelve months starting from the first twelve-month anniversary of the applicable Original Issue Date and on each Conversion Date (with respect only to Preferred Shares being converted) and on each Optional Redemption Date (with respect only to Preferred Shares being redeemed) (each such date, a “Dividend Payment Date”) (if any Dividend Payment Date is not a Trading Day, the applicable payment shall be due on the next succeeding Trading Day) in cash, or at the Company’s option, in duly authorized, validly issued, fully paid and non-assessable Ordinary Shares as set forth in this Section 3(a), or a combination thereof. In addition, as a condition to paying dividends in Ordinary Shares, no later than (5) Trading Days prior to the applicable Dividend Payment Date, the Company shall have delivered to each Holder a number of Ordinary Shares that equal to the quotient of (x) the applicable dollar amount of dividends to be paid in Ordinary Shares divided by (y) the Conversion Price. The Holders shall have the same rights and remedies with respect to the delivery of any such Ordinary Shares as if such Ordinary Shares were being issued pursuant to Section 6.

b) Company’s Ability to Pay Dividends in Cash or Kind. If at any time the Company has the right to pay dividends in cash or Ordinary Shares, the Company must provide the Holders with at least 5 Trading Days’ notice of its election to pay a regularly scheduled dividend in Ordinary Shares (the Company may indicate in such notice that the election contained in such notice shall continue for later periods until revised by a subsequent notice).

c) Dividend Calculations. Dividends on the Preferred Shares shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the applicable Original Issue Date, and shall be deemed to accrue from such date whether or not earned or declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends. Payment of dividends in Ordinary Shares shall otherwise occur pursuant to Section 6(c)(i) herein and, solely for purposes of the payment of dividends in Ordinary Shares, the Dividend Payment Date shall be deemed the Conversion Date. Dividends shall cease to accrue with respect to any Preferred Shares converted, provided that, the Company actually delivers the Conversion Shares within the time period required by Section 6(c)(i) herein. Except as otherwise provided herein, if at any time the Company pays dividends partially in cash and partially in shares, then such payment shall be distributed ratably among the Holders based upon the number of Preferred Shares held by each Holder on such Dividend Payment Date.

d) Late Fees. Any dividends, whether paid in cash or Ordinary Shares, that are not paid within three Trading Days following a Dividend Payment Date shall continue to accrue and shall entail a late fee, which must be paid in cash, at the rate of 10% per annum or the lesser rate permitted by applicable law which shall accrue daily from the Dividend Payment Date through and including the date of actual payment in full.

e) Other Securities. So long as any Preferred Shares shall remain outstanding, neither the Company nor any Subsidiary thereof shall redeem, purchase or otherwise acquire directly or indirectly any Junior Securities except as expressly permitted by Section 10(a)(iv). So long as any Preferred Shares shall remain outstanding, neither the Company nor any Subsidiary thereof shall directly or indirectly pay or declare any dividend or make any distribution upon (other than a dividend or distribution described in Section 6 or dividends due and paid in the ordinary course on preferred stock of the Company at such times when the Company is in compliance with its payment and other obligations hereunder), nor shall any distribution be made in respect of, any Junior Securities as long as any dividends due on the Preferred Shares remain unpaid, nor shall any monies be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any Junior Securities or shares pari passu with the Preferred Shares.

Section 4. Voting Rights. Except as otherwise provided herein or as otherwise required by law, the Preferred Shares shall have no voting rights. However, as long as any Preferred Shares are outstanding, except to the extent required for the consummation of the HTC Merger, the Company shall not, without the affirmative vote of the Holders of a majority of the then outstanding Preferred Shares, (a) alter or change adversely the powers, preferences or rights given to the Preferred Shares or alter or amend this Certificate of Designation, (b) authorize or create any class of shares ranking as to dividends, redemption or distribution of assets upon a Liquidation (as defined in Section 5) senior to, or otherwise pari passu with, the Preferred Shares, (c) amend its memorandum and articles of association or other charter documents in any manner that adversely affects any rights of the Holders, (d) increase the number of shares that are designated as the Preferred Shares, or (e) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Company an amount equal to the Stated Value, plus any accrued and unpaid dividends thereon and any other fees or liquidated damages then due and owing thereon under this Certificate of Designation, for each Preferred Shares before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Company shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. A Fundamental Transaction shall not be deemed a Liquidation. The Company shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

a) Conversions at Option of Holder. Subject to this Section 6(a), each Preferred Share shall be convertible, at any time and from time to time from and after the Original Issue Date at the option of the Holder thereof, into that number of Ordinary Shares determined by dividing the Stated Value of such Preferred Share by the Conversion Price. Holders shall effect conversions by providing the Company with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of Preferred Shares to be converted (provided that the number of Ordinary Shares issuable upon the conversion of such Preferred Shares shall be no less than 50,000, unless all Preferred Shares held by such Holder are to be converted), the number of Preferred Shares owned prior to the conversion at issue, the number of Preferred Shares owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Company (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Company is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of Preferred Shares, a Holder shall not be required to surrender the certificate(s) representing the Preferred Shares to the Company unless all of the Preferred Shares represented thereby are so converted, in which case such Holder shall deliver the certificate representing such Preferred Shares promptly following the Conversion Date at issue. Preferred Shares converted into Ordinary Shares or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

b) Conversion Price. The conversion price for the Preferred Shares shall equal **\$3.00**, subject to adjustment herein (the "Conversion Price").

c) Mechanics of Conversion.

i. Delivery of Conversion Shares Upon Conversion. Not later than two (2) Trading Days after each Conversion Date (the "Share Delivery Date"), the Company shall deliver, or cause to be delivered, to the converting Holder (A) the number of Conversion Shares being acquired upon the conversion of the Preferred Shares (including Ordinary Shares representing the payment of accrued dividends otherwise determined pursuant to Section 3(a), and (B) a bank check in the amount of accrued and unpaid dividends (if the Company has elected or is required to pay accrued dividends in cash).

ii. Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Company shall promptly return to the Holder any original Preferred Share certificate delivered to the Company and the Holder shall promptly return to the Company the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion.

iii. Obligation Absolute; Partial Liquidated Damages. The Company's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Company of any such action that the Company may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Shares, the Company may not refuse conversion based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Shares of such Holder shall have been sought and obtained. In the absence of such injunction, the Company shall issue Conversion Shares upon a properly noticed conversion. If the Company fails to deliver to a Holder such Conversion Shares pursuant to Section 6(c)(i) by the Share Delivery Date applicable to such conversion, the Company shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$5,000 of Stated Value of Preferred Shares being converted, \$50 per Trading Day for each Trading Day after the 2nd Trading Day following the Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion. Nothing herein shall limit a Holder's right to pursue actual damages or declare a Triggering Event pursuant to Section 10 hereof for the Company's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iv. Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued Ordinary Shares for the sole purpose of issuance upon conversion of the Preferred Shares and payment of dividends on the Preferred Shares, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Shares), not less than such aggregate number of Ordinary Shares as shall (subject to the terms and conditions set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding Preferred Shares and payment of dividends hereunder. The Company covenants that all Ordinary Shares that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

v. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Shares. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share. Notwithstanding anything to the contrary contained herein, but consistent with the provisions of this subsection with respect to fractional Conversion Shares, nothing shall prevent any Holder from converting fractional Preferred Shares.

vi. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of the Preferred Shares shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such Preferred Shares and the Company shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while any Preferred Shares are outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in Ordinary Shares on Ordinary Shares or any other Ordinary Shares Equivalents (which, for avoidance of doubt, shall not include any Ordinary Shares issued by the Company upon conversion of, or payment of a dividend on, the Preferred Shares), (ii) subdivides outstanding Ordinary Shares into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding Ordinary Shares into a smaller number of shares, or (iv) issues, in the event of a reclassification of the Ordinary Shares, any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of Ordinary Shares (excluding any treasury shares of the Company) outstanding immediately before such event, and of which the denominator shall be the number of Ordinary Shares outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If, at any time while any Preferred Shares are outstanding, the Company or any Subsidiary, as applicable sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition), any Ordinary Shares or Ordinary Shares Equivalents entitling any Person to acquire Ordinary Shares at an effective price per share that is lower than the then Conversion Price (such lower price, the "Base Conversion Price" and such issuances, collectively, a "Dilutive Issuance") (if the holder of the Ordinary Shares or Ordinary Shares Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive Ordinary Shares at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then simultaneously with the consummation (or, if earlier, the announcement) of each Dilutive Issuance the Conversion Price shall be reduced to equal the Base Conversion Price. Notwithstanding the foregoing, no adjustment will be made under this Section 7(b) in respect of an Exempt Issuance. If the Company enters into a Variable Rate Transaction, the Company shall be deemed to have issued Ordinary Shares or Ordinary Shares Equivalents at the lowest possible conversion price at which such securities may be converted or exercised. The Company shall notify the Holders in writing, no later than the Trading Day following the issuance of any Ordinary Shares or Ordinary Shares Equivalents subject to this Section 7(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 7(b), upon the occurrence of any Dilutive Issuance, the Holders are entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether a Holder accurately refers to the Base Conversion Price in the Notice of Conversion. Notwithstanding the foregoing, the Conversion Price shall not be adjusted to a level lower than \$1.00 in any circumstances.

c) Pro Rata Distributions. During such time as any Preferred Shares are outstanding, if the Company declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Ordinary Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of the Preferred Shares, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Ordinary Shares acquirable upon complete conversion of the Preferred Shares (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Ordinary Shares are to be determined for the participation in such Distribution.

d) Fundamental Transaction. If, at any time while any Preferred Shares are outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company into another Person, (ii) the Company (and all of its Subsidiaries, taken as a whole), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Ordinary Shares are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Ordinary Shares, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Ordinary Shares or any compulsory share exchange pursuant to which the Ordinary Shares is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding Ordinary Shares (not including any Ordinary Shares held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), in each case of (i)-(v) above, excluding the HTC Merger, (each a "Fundamental Transaction"), then, upon any subsequent conversion of the Preferred Shares, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of Ordinary Shares of the successor or acquiring Company or of the Company, if it is the surviving Company, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of Ordinary Shares for which the Preferred Shares are convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Ordinary Shares in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Ordinary Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of the Preferred Shares following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred shares consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred shares into Alternate Consideration. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Certificate of Designation and the other Transaction Documents (as defined in the Purchase Agreement) in accordance with the provisions of this Section 7(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of the Preferred Shares, deliver to the Holder in exchange for the Preferred Shares a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Preferred Shares which are convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the Ordinary Shares acquirable and receivable upon conversion of the Preferred Shares (without regard to any limitations on the conversion of the Preferred Shares) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the Ordinary Shares pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the Preferred Shares immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Certificate of Designation and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

e) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of Ordinary Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Ordinary Shares (excluding any treasury shares of the Company) issued and outstanding.

f) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Company shall promptly deliver to each Holder by facsimile or email a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Ordinary Shares, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Ordinary Shares, (C) the Company shall authorize the granting to all holders of the Ordinary Shares of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any shareholders of the Company shall be required in connection with any reclassification of the Ordinary Shares, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company (and all of its Subsidiaries, taken as a whole), or any compulsory share exchange whereby the Ordinary Shares is converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of the Preferred Shares, and shall cause to be delivered by facsimile or email to each Holder at its last facsimile number or email address as it shall appear upon the stock books of the Company, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Ordinary Shares of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Ordinary Shares of record shall be entitled to exchange their Ordinary Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 6-K. The Holder shall remain entitled to convert the Conversion Amount of the Preferred Shares (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 8. Optional Redemption.

a) Optional Redemption at Election of Company. Subject to the provisions of this Section 8, at any time after March 30, 2022, the Company may deliver a notice to the Holders (an “Optional Redemption Notice” and the date such notice is deemed delivered hereunder, the “Optional Redemption Notice Date”) of its irrevocable election to redeem some or all of the then outstanding Preferred Shares, for cash in an amount equal to the Optional Redemption Amount on the 20th Trading Day following the Optional Redemption Notice Date (such date, the “Optional Redemption Date” and such redemption, the “Optional Redemption”). The Optional Redemption Amount is payable in full on the Optional Redemption Date. The Company covenants and agrees that it will honor all Notices of Conversion tendered from the time of delivery of the Optional Redemption Notice through the date the Optional Redemption Amount is paid in full.

b) Redemption Procedure. If any portion of the payment pursuant to an Optional Redemption shall not be paid by the Company by the applicable due date, interest shall accrue thereon at an interest rate equal to the lesser of 10% per annum or the maximum rate permitted by applicable law until such amount is paid in full. Notwithstanding anything herein contained to the contrary, if any portion of the Optional Redemption Amount remains unpaid after such date, the Holder may elect, by written notice to the Company given at any time thereafter, to invalidate such Optional Redemption, ab initio, and the Company shall have no further right to exercise such Optional Redemption.

Section 9. Negative Covenants. As long as any Preferred Shares are outstanding, unless the Holders of at least 50.1% of the then outstanding Preferred Shares shall have otherwise given prior written consent, the Company shall not, and shall not permit any of the Subsidiaries to, directly or indirectly:

- a) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder;
- b) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Ordinary Shares, Ordinary Shares Equivalents or Junior Securities, other than as to (i) the Conversion Shares as permitted or required under the Transaction Documents and (ii) repurchases of Ordinary Shares or Ordinary Shares Equivalents of departing officers and directors of the Company, provided that such repurchases shall not exceed an aggregate of \$100,000 for all officers and directors for so long as the Preferred Shares is outstanding;
- c) pay cash dividends or distributions on Junior Securities of the Company; and
- d) enter into any agreement with respect to any of the foregoing.

Section 10. Redemption Upon Triggering Events.

- a) “Triggering Event” means, wherever used herein any of the following events:
 - i. the Company shall fail to have available a sufficient number of authorized and unreserved Ordinary Shares to issue to such Holder upon a conversion hereunder;
 - ii. the Company shall fail to observe or perform any other covenant, agreement or warranty contained in, or otherwise commit any breach of the Transaction Documents, and such failure or breach shall not, if subject to the possibility of a cure by the Company, have been cured within 10 calendar days after the date on which written notice of such failure or breach shall have been delivered;
 - iii. the Company shall redeem more than a de minimis number of Junior Securities other than as to repurchases of Ordinary Shares or Ordinary Shares Equivalents from departing officers and directors, provided that, while any of the Preferred Shares remains outstanding, such repurchases shall not exceed an aggregate of \$100,000 from all officers and directors;

- iv. the Company shall be party to a Change of Control Transaction approved by the Company's Board of Directors; or
- v. there shall have occurred a Bankruptcy Event.

b) Upon the occurrence of a Triggering Event, each Holder shall (in addition to all other rights it may have hereunder or under applicable law) have the right, exercisable at the sole option of such Holder, to require the Company to redeem all of the Preferred Shares then held by such Holder for a redemption price, in cash, equal to the Triggering Redemption Amount. The Triggering Redemption Amount shall be due and payable within five Trading Days of the date on which the notice for the payment therefor is provided by a Holder (the "Triggering Redemption Payment Date"). If the Company fails to pay in full the Triggering Redemption Amount hereunder on the date such amount is due in accordance with this Section, the Company will pay interest thereon at a rate equal to the lesser of 10% per annum or the maximum rate permitted by applicable law, accruing daily from such date until the Triggering Redemption Amount, plus all such interest thereon, is paid in full.

Section 11. Miscellaneous

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above Attention: Investor Relations, e-mail address ir@kaixin.com, or such other facsimile number, e-mail address or address as the Company may specify for such purposes by notice to the Holders delivered in accordance with this Section 9. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or e-mail attachment, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Company, or if no such facsimile number, e-mail address or address appears on the books of the Company, at the principal place of business of such Holder, as set forth in the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or e-mail attachment at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the Preferred Shares at the time, place, and rate, and in the coin or currency, herein prescribed.

c) Lost or Mutilated Preferred Share Certificate. If a Holder's Preferred Share certificate shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the Preferred Shares so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Company (which shall not include the posting of any bond).

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). The Company and each Holder hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. .

e) Waiver. Any waiver by the Company or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Company or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Company or a Holder must be in writing.

f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

i) Status of Converted or Redeemed Preferred Shares. Preferred Shares may only be issued pursuant to the Purchase Agreement. If any Preferred Shares shall be converted, redeemed or reacquired by the Company, such shares shall resume the status of authorized but unissued Ordinary Shares and shall no longer be designated as its Series D Convertible Preferred Shares.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 31st day of March 2021.

/s/ Joseph Chen

Name: Joseph Chen

Title: Chairman of the Board of Directors

[Signature page to Certificate of Designation]

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT PREFERRED SHARES)

The undersigned hereby elects to convert the number of Series D Convertible Preferred Shares indicated below into Ordinary Shares, par value \$0.0001 per share (the "Ordinary Shares"), of Kaixin Auto Holdings, a Cayman Islands Company (the "Company"), according to the conditions hereof, as of the date written below. If Ordinary Shares are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Company in accordance with the Purchase Agreement. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of Preferred Shares owned prior to Conversion: _____

Number of Preferred Shares to be Converted: _____

Stated Value of Preferred Shares to be Converted: _____

Number of Ordinary Shares to be Issued: _____

Applicable Conversion Price: _____

Number of Preferred Shares subsequent to Conversion: _____

Address for Delivery: _____

or

DWAC Instructions:

Broker no: _____

Account no: _____

[HOLDER]

By: _____

Name:

Title:

Principal Subsidiaries of the Registrant

Subsidiaries	Place of incorporation
CIAC/ChinaInterActiveCorp (“CIAC”)	Cayman Islands
Renren Gongying Inc.	Cayman Islands
Renren ZHCH Holdings Inc.	Cayman Islands
Renren Giantly Limited	Hong Kong
Chime Technologies, Inc.	USA
Renren U.S. Holdco, Inc.	USA
Trucker Path, Inc.	USA
Lucrativ Inc.	USA
Lofty US, Inc.	USA
Renren Giantly Philippines Inc.	Philippines
Qianxiang Shiji Technology Development (Beijing) Co., Ltd.	PRC

Variable Interest Entity:	Place of Incorporation
Beijing Qianxiang Tiancheng Technology Development Co., Ltd.	PRC

Subsidiaries of Variable Interest Entities:	Place of Incorporation
Beijing Qianxiang Wangjing Technology Development Co., Ltd.	PRC

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Joseph Chen, certify that:

1. I have reviewed this annual report on Form 20-F of Renren Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 27, 2021

By: /s/ Joseph Chen

Name: Joseph Chen

Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Yi Yang, certify that:

1. I have reviewed this annual report on Form 20-F of Renren Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 27, 2021

By: /s/ Yi Yang

Name: Yi Yang

Title: Acting Chief Financial Officer

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Renren Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Chen, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: May 27, 2021

By: /s/ Joseph Chen

Name: Joseph Chen

Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Renren Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yi Yang, acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: May 27, 2021

By: /s/ Yi Yang

Name: Yi Yang

Title: Acting Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Renren Inc.'s registration statements on Form S-8 (File No. 333-177366, File No. 333-209734 and File No. 333-227886) of our report dated May 15, 2019, relating to the financial statements of Renren Inc., appearing in this Annual Report on Form 20-F for the year ended December 31, 2020.

/s/Deloitte Touche Tohmatsu Certified Public Accountants LLP
Beijing, the People's Republic of China
May 27, 2021

**Beijing Office**

Kerry Center South Tower 1 Guang hua Rd., #2419-2422, Chaoyang
Dist., Beijing 100020
T 8610.8518.7992

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in Renren Inc.'s registration statements on Form S-8 (File No. 333-177366, File No. 333-209734 and File No. 333-227886) of our report dated May 27, 2021, with respect to our audits of the consolidated financial statements and the related notes and schedule of Renren Inc. as of December 31, 2019 and 2020 and for each of the two years in the period ended December 31, 2020 appearing in the Annual Report on Form 20-F of Renren Inc. for the year ended December 31, 2020.

Our report on the consolidated financial statements refers to our audit of the adjustments to the 2018 consolidated financial statements to retrospectively present discontinued operations as described in Note 1 and Note 4. However, we were not engaged to audit, review, or apply any procedure to the 2018 consolidated financial statements other than with respect to such adjustments.

Our report on the consolidated financial statements also refers to a change in the method of accounting for leases effective January 1, 2019.

/s/ Marcum Bernstein & Pinchuk LLP

Beijing, China

May 27, 2021

May 24, 2021

Renren Inc.
4/F, Tower D, Building 15
No. 5 Jiangtai Road
Chaoyang District, Beijing 100015
People's Republic of China

Re: Consent of Commerce & Finance Law Offices

We hereby consent to the use of our firm name and summaries of our firm's opinions under the captions of "Item 3.D. Risk Factors" and "Item 10.E—Taxation" in Renren Inc.'s Annual Report on Form 20-F for the year ended December 31, 2020 (the "Form 20-F"), which will be filed with the Securities and Exchange Commission in the month of May 2021, and further consent to the incorporation by reference of the summaries of our opinions under these captions into Renren Inc.'s registration statements on Form S-8 (File No. 333-177366, File No. 333-209734 and File No. 333-227886) that were filed on October 18, 2011, February 26, 2016 and October 19, 2018, respectively.

We also hereby consent to the filing of this consent letter as an exhibit to the Form 20-F.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours sincerely,

/s/ Commerce & Finance Law Offices

Commerce & Finance Law Offices



Our ref VSL/667469-000001/16212644v1
Direct tel +852 3690 7513
E-mail vivian.lee@maples.com

Renren Inc.
4/F, Tower D, Building 15
No. 5 Jiangtai Road
Chaoyang District, Beijing 100015
People's Republic of China

24 May 2021

Dear Sirs

Re: Renren Inc.

We have acted as legal advisors as to the laws of the Cayman Islands to Renren Inc., an exempted company with limited liability incorporated in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission of an annual report on Form 20-F for the year ended 31 December 2020 (the "**Form 20-F**").

We hereby consent to the reference of our name under the heading "Item 10.E—Taxation" in the Form 20-F and further consent to the incorporation by reference of the summary of our opinion under this heading into the Company's registration statements on Form S-8 (File No. 333-177366, File No. 333-209734 and File No. 333-227886) that were filed on 18 October 2012, 26 February 2016 and 19 October 2018, respectively.

We consent to the filing with the SEC of this consent letter as an exhibit to the Form 20-F. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP
Maples and Calder (Hong Kong) LLP

Securities and Exchange Commission

Washington, D.C. 20549

Ladies and Gentlemen:

We were previously principal accountants for Renren Inc. (the "Company") and, under the date of July 7, 2020, we reported on the consolidated financial statements of the Company as of and for the year ended December 31, 2019. On December 9, 2020, we were dismissed. We have read the Company's statements included under Item 16F of its December 31, 2020 annual report on Form 20-F dated May 27, 2021, and we agree with such statements, except that we are not in a position to agree or disagree with the Company's statements that effective on December 9, 2020, the Company engaged Marcum Bernstein & Pinchuk LLP, or MarcumBP, as the independent registered public accounting firm, and the change was approved by the audit committee of the board.

Very truly yours,

/s/ KPMG Huazhen LLP

May 27, 2021
