

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

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (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 _____

OR

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

For the transition period from October 1, 2017 to December 31, 2017

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: 001-34738

Luokung Technology Corp.

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

British Virgin Islands

(Jurisdiction of incorporation or organization)

LAB 32, SOHO 3Q, No 9, Guanghai Road, Chaoyang District, Beijing
People's Republic of China, 100020

(Address of principal executive offices)

Mr. Muqiao Geng

LAB32, SOHO 3Q, No 9, Guanghai Road, Chaoyang District, Beijing

People's Republic of China 100020

Tel: (86) 10-85866721

(Name, telephone, Email and/or facsimile number and address of company contact person)

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

Title of each class

Name of each exchange on which registered

Ordinary shares, par value \$0.01 per share

None

Preferred shares, par value \$0.01 per share

None

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 transition report. 187,097,599 Ordinary Shares, including 186,383,224 Ordinary Shares represented by 714,375 American Depositary Shares, and 1,000,000 Preferred Shares outstanding as of September 20, 2018.

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

Explanatory Note

Luokung Technology Corp. (the “Company”) is filing this transition report on Form 20-F (“Transition Report”) in connection with the completion of the exchange of certain of its assets for substantially all of the assets of C Media Limited (“C Media”) pursuant to that Asset Exchange Agreement, dated January 25, 2018 (the “Original AEA”), as supplemented by the Addendum to Asset Exchange Agreement, dated October 3, 2018 (the “Addendum” and together with the Original AEA, the “AEA”). Following the consummation of the AEA, on October 4, 2018, the Company changed its fiscal year end from September 30 to the fiscal year end used by C Media, December 31. This Transition Report covers the three-month period from October 1, 2017 to December 31, 2017, and the fiscal years described herein.

In this transition report:

- *References to the “Company”, “we”, “our” and “us” are to Luokung Technology Corp. and its consolidated subsidiaries and variable interest entity, except as the context otherwise requires;*
- *This transition report on Form 20-F covers the three-month period from October 1, 2017 through December 31, 2017 (the “Transition Period”) and reflects our financial results thereof. Prior to this transition report on Form 20-F, our two most recent annual reports on Form 20-F cover the fiscal years ended September 30, 2017 and September 30, 2016, respectively, and reflect financial results for the respective twelve-month periods from October 1 to September 30. Unless otherwise noted, all references to years are to the calendar year from January 1 to December 31 and references to our fiscal year or years are to the fiscal year or years which, prior to the Transition Period, ended September 30, while from and after the Transition Period, ended December 31;*
- *References to an “ADS” are to an American Depositary Share, each of which represents one of our Ordinary Shares with a par value of \$.01 per share.*

Special Note Regarding Forward-looking Statements

This transition report contains forward-looking statements that involve risks and uncertainties. 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 the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. 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, business strategy and financial needs. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this transition report. These forward-looking statements include:

- our future business development, results of operations and financial condition;
- expected changes in our net revenues and certain cost or expense items;
- our ability to attract and retain customers; and
- trends and competition in the enterprise mobile software application market.

You should read this transition report thoroughly with the understanding that our actual future results may be materially different from, and/or worse, than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this transition report include additional factors which could adversely impact our business and financial performance. 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.

This transition report also contains estimates, projections and statistical data related to the market for the provision of Wi-Fi and mobile applications in China. This market data, including data from IDC, a leading provider of market data and intelligence, speaks as of the date it was published and includes projections that are based on a number of assumptions and are not representations of fact. The market for the provision of Wi-Fi and mobile applications in China may not grow at the rates projected by the market data, or at all. The failure of the market to grow at the projected rates may materially and adversely affect our business and the market price of our ADSs. In addition, the rapidly changing nature of the market for the provision of Wi-Fi and mobile applications subjects any projections or estimates relating to the growth prospects or future condition of our market to significant uncertainties. If any one or more of the assumptions underlying the market data proves to be incorrect, actual results may differ from the projections based on these assumptions.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS.

The directors of Luokung Technology Corp. are Xuesong Song, Kegang Peng, Dennis Galgano, Jin Shi, Jiming Ha, Zhihao Xu and Chuang Tao. The business address for our directors is LAB 32, SOHO 3Q, No 9, Guanghai Road, Chaoyang District, Beijing, People's Republic of China.

Moore Stephens CPA Limited has served as our auditor since October 5, 2018, and is located at 801-806 Silvercord Tower 1, 30 Canton road, Tsimshatsui, Kowloon, Hong Kong. BDO China Shun Lun Pan Certified Public Accountants LLP served as our auditors for the last three years, and are located at 4F, No. 61 Nanjing Road, Shanghai, People's Republic of China.

Garvey Schubert Barer, P.C., serves as our legal counsel in the United States, and is located at Flour Mill Building, 1000 Potomac Street NW, Suite 200, Washington, D.C., 20007-3501.

Conyers Dill & Pearlman serves as our legal counsel with regard to the laws of the British Virgin Islands, and is located at 29th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.

Not applicable.

ITEM 3. KEY INFORMATION.**A. SELECTED FINANCIAL DATA.**

Luokung Technology Corp. and its consolidated subsidiaries ("Luokung Technology", "we", "us", or "the Company") consummated an asset exchange agreement pursuant to which we exchanged our existing assets with those of C Media Limited (the "Asset Exchange") on August 17, 2018, and we changed our name from Kingtone Wirelesinfo Solution Holding Ltd. to our current name on August 20, 2018.

On October 4, 2018, in connection with the consummation of the Asset Exchange, we changed our fiscal year end from September 30 to December 31.

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The selected financial data for the fiscal years ended December 31 2017 and 2016 have been derived from our audited consolidated and combined financial statements. The selected consolidated and combined financial data should be read in conjunction with our audited financial statements and the accompanying notes and "Item 5 – Operating and Financial Review and Prospects." Our consolidated and combined financial statements are prepared and presented in accordance with United States generally accepted accounting principles, or U.S. GAAP. Our historical results do not necessarily indicate our results expected for any future periods. You should not view our historical results as an indicator of our future performance.

LK TECHNOLOGY LTD. AND SUBSIDIARIES
SELECTED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(IN U.S. DOLLARS)

	For the years ended December 31,	
	2017	2016
Revenues	\$ 26,082,417	\$ 5,233,145
Less: Cost of revenues	5,547,779	6,315,504
Less: Operating expenses:		
Selling and marketing	23,908,733	6,209,804
General and administrative	2,451,249	2,108,854
Research and development	1,046,198	2,882,202
Total operating expenses	27,406,180	11,200,860
Loss from operations	(6,871,542)	(12,283,219)
Other income (expense):		
Interest expense	(26,611)	(4,412)
Foreign exchange gains(losses)	350,679	(298,257)
Loss from investment	-	(428,571)
Other income (expense), net	(262,980)	(34,572)
Total other income (expense), net	61,088	(765,812)
Loss before income taxes	(6,810,454)	(13,049,031)
Income taxes	-	-
Net loss	\$ (6,810,454)	\$ (13,049,031)
Other comprehensive income:		
Foreign currency translation adjustment	90,671	387,375
Total comprehensive loss	\$ (6,719,783)	\$ (12,661,656)

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LK TECHNOLOGY LTD. AND SUBSIDIARIES
SELECTED CONSOLIDATED BALANCE SHEETS
(IN U.S. DOLLARS)

	As of December 31,	
	2017	2016
Accounts receivable, net of allowance for doubtful accounts	9,729,625	1,865,836
Amounts due from related parties	11,760,692	-
Property and equipment, net	5,044,872	7,771,027
Goodwill	7,239,936	7,239,936
TOTAL ASSETS	37,582,858	21,114,832
Accounts payable	8,784,518	6,446,584
Accrued liabilities and other payables	12,962,912	11,329,613
Total liabilities	25,311,113	33,905,520

Total Shareholder's Equity (Deficit)	12,271,745	(12,790,688)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)	37,582,858	21,114,832

B. CAPITALIZATION AND INDEBTEDNESS.

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS.

Not applicable.

D. RISK FACTORS.

An investment in our ADSs and ordinary shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with all other information contained in this transition report, including the matters discussed under "Special Note Regarding Forward-Looking Statements," before you decide to invest in our ADSs or ordinary shares. You should pay particular attention to the fact that we are a holding company with substantial operations in China and are subject to legal and regulatory environments that in many respects differ from those of the United States. If any of the following risks, or any other risks and uncertainties that are not presently foreseeable to us, actually occur, our business, financial condition, results of operations, liquidity and our future growth prospects would be materially and adversely affected. You should also consider all other information contained in this transition report before deciding to invest in our ADSs or ordinary shares.

Risks Related to Our Company and Our Industry

The Company had incurred negative cash flows from operating activities and net losses as of December 31, 2017. These matters raise substantial doubt about the Company's ability to continue as a going concern.

The Company's consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of and for the year ended December 31, 2017, the Company had incurred significant operating losses and working capital deficit. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

We may undertake acquisitions, investments, joint ventures or other strategic alliances, which could have a material adverse effect on our ability to manage our business. In addition, such undertakings may not be successful.

Our strategy includes plans to grow both organically and through acquisitions, participation in joint ventures or other strategic alliances. Joint ventures and strategic alliances may expose us to new operational, regulatory and market risks, as well as risks associated with additional capital requirements. We may not be able, however, to identify suitable future acquisition candidates or alliance partners. Even if we identify suitable candidates or partners, we may be unable to complete an acquisition or alliance on terms commercially acceptable to us. If we fail to identify appropriate candidates or partners, or complete desired acquisitions, we may not be able to implement our strategies effectively or efficiently.

In addition, our ability to successfully integrate acquired companies and their operations may be adversely affected by several factors. These factors include:

1. diversion of management's attention;
2. difficulties in retaining customers of the acquired companies;
3. difficulties in retaining personnel of the acquired companies;
4. entry into unfamiliar markets;
5. unanticipated problems or legal liabilities; and
6. tax and accounting issues.

If we fail to integrate acquired companies efficiently, our earnings, revenue growth and business could be negatively affected.

Due to intense competition for highly-skilled personnel, we may fail to attract and retain enough sufficiently trained employees to support our operations; our ability to bid for and obtain new projects may be negatively affected and our revenues could decline as a result.

The IT industry relies on skilled employees, and our success depends to a significant extent on our ability to attract, hire, train and retain qualified employees. There is significant competition in China for professionals with the skills necessary to develop the products and perform the services we offer to our customers. Increased competition for these professionals, in the mobile application design area or otherwise, could have an adverse effect on us if we experience significant increase in the attrition rate among employees with specialized skills, which could decrease our operating efficiency and productivity and could lead to a decline in demand for our services.

In addition, our ability to serve existing customers and business partners and obtain new business will depend, in large part, on our ability to attract, train and retain skilled personnel that enable us to keep pace with growing demands for wi-fi connectivity and mobile applications, evolving industry standards and changing customer preferences. Our failure to attract, train and retain personnel with the qualifications necessary to fulfill the needs of our existing and future customers or to assimilate new employees successfully could have a material adverse effect on our business, financial condition and results of operations. Our failure to retain our key personnel on business development or find suitable replacements of the key personnel upon their departure may lead to shrinking new implementation projects, which could materially adversely affect our business.

Our business depends substantially on the continuing efforts of our senior executives and other key personnel, and our business may be severely disrupted if we

Our future success heavily depends upon the continued services of our senior executives and other key employees, particularly since we recently appointed a new chairman. We are reliant on the services of Mr. Xuesong Song, our chairman, chief executive officer and member of our board of directors. If one or more of our senior executives or key employees is unable or unwilling to continue in his or her present position, we may not be able to replace such employee easily, or at all, we may incur additional expenses to recruit, train and retain replacement personnel, our business may be severely disrupted, and our financial condition and results of operations may be materially adversely affected.

Our business could suffer if our executives and directors compete against us and our non-competition agreements with them cannot be enforced.

If any of our senior executives or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members to them. Also, if any of our business development managers who keep a close relationship with our customers and business partners joins a competitor or forms a competing company, we may lose customers, and our revenues may be materially adversely affected. Most of our executives have entered, or will soon enter, into employment agreements with us that contain or will contain non-competition provisions. However, if any dispute arises between our executive officers and us, such non-competition provisions may not be enforceable, especially in China, where all of these executive officers and key employees reside, in light of the uncertainties with China's legal system. See "Risk Factors — Risks Related to Doing Business in China — Uncertainties with respect to the PRC legal system could adversely affect us."

Our computer networks may be vulnerable to security risks that could disrupt our services and adversely affect our results of operations.

Our computer networks may be vulnerable to unauthorized access, computer hackers, computer viruses and other security problems caused by unauthorized access to, or improper use of, systems by third parties or employees. A hacker who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in operations. Computer attacks or disruptions may jeopardize the security of information stored in and transmitted through computer systems and mobile devices of our customers. Actual or perceived concerns that our systems may be vulnerable to such attacks or disruptions may deter customers from using our services. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches, which could adversely affect our results of operations.

If we do not continually enhance our solutions and service offerings, we may have difficulty in retaining existing customers and attracting new customers.

We believe that our future success will depend, to a significant extent, upon our ability to enhance our existing applications and platform, and to introduce new features to meet the preferences and requirements of our customers in a rapidly developing and evolving market. Unexpected technical, operational, distribution or other problems could delay or prevent the introduction of one or more of these products or services, or any products or services that we may plan to introduce in the future. Our present or future products may not satisfy the evolving preferences and tastes of our customers, and these solutions and services may not achieve anticipated market acceptance or generate incremental revenue. If we are unable to anticipate or respond adequately to the need for service or product enhancements due to resource, technological or other constraints, our business, financial condition and results of operations could be materially and adversely affected.

If we are unable to develop competitive new products and service offerings our future results of operations could be adversely affected.

Our future revenue stream depends to a large degree on our ability to utilize our technology in a way that will allow us to offer new types of mobile applications and services to a broader customer base. We will be required to make investments in research and development in order to continually develop new software applications and related service offerings, enhance our existing platform, mobile applications and related service offerings and achieve market acceptance of our mobile applications and service offerings. We may incur problems in the future in innovating and introducing new mobile applications and service offerings. Our development-stage mobile applications may not be successfully completed or, if developed, may not achieve significant customer acceptance. If we are unable to successfully define, develop and introduce competitive new mobile applications, and enhance existing mobile applications, our future results of operations would be adversely affected. The timely availability of new applications and their acceptance by customers are important to our future success. A delay in the development of new applications could have a significant impact on its results of operations.

Changes in technology could adversely affect our business by increasing our costs, reducing our profit margins and causing a decline in our competitiveness.

China's wireless telecom industry, in which we operate, is characterized by rapidly changing technology, evolving industry standards, frequent introductions of new services and solutions and enhancements as well as changing customer demands. New solutions and new technologies often render existing solutions and services obsolete, excessively costly or otherwise unmarketable. As a result, our success depends on our ability to adapt to the latest technological progress, such as the 5G standard and technologies, and to develop or acquire and integrate new technologies into our platform, mobile applications and related services. Advances in technology also require us to commit substantial resources to developing or acquiring and then deploying new technologies for use in our operations. We must continuously train personnel in new technologies and in how to integrate existing hardware and software systems with these new technologies. We may not be able to adapt quickly to new technologies or commit sufficient resources to compete successfully against existing or new competitors in bringing to market solutions and services that incorporate these new technologies. We may incur problems in the future in innovating and introducing new mobile applications and service offerings. Our development of new mobile applications and platform enhancements may not be successfully completed or, if developed, may not achieve significant customer acceptance. If we fail to adapt to changes in technologies and compete successfully against established or new competitors, our business, financial condition and results of operations could be adversely affected.

Problems with the quality or performance of our hardware, software or other systems may cause delays in the introduction of new solutions or result in the loss of customers and revenues, which could have a material and adverse effect on our business, financial condition and results of operations.

Our hardware and software systems are complex and may contain defects, errors or bugs when first introduced to the market or to a particular customer, or as new versions are released. Because we cannot test for all possible scenarios, our systems may contain errors that are not discovered until after they have been installed or implemented, and we may not be able to timely correct these problems. These defects, errors or bugs could interrupt or delay the completion of projects or sales to our customers. In addition, our reputation may be damaged and we may fail to acquire new projects from existing customers or new customers. Errors may occur when we provide systems integration and maintenance services. Even in cases where we have agreements with our customers that contain provisions designed to limit our exposure to potential claims and liabilities arising from customer problems, these provisions may not effectively protect us against such claims in all cases and in all jurisdictions. In addition, as a result of business and other considerations, we may undertake to compensate our customers for damages arising from the use of our solutions, even if our liability is limited by these provisions. Moreover, claims and liabilities arising from customer problems could also result in adverse publicity and materially and adversely affect our business, results of operations and financial condition. We currently do not carry any product or service liability insurance and any imposition of liability on us may materially and adversely affect our business and increase our costs, resulting in reduced revenues and profitability.

Our products may contain undetected software defects, which could negatively affect our revenues.

Our software products are complex and may contain undetected defects. Although we test our products, it is possible that errors may be found or occur in our new or existing products after we have commenced commercial shipment of those products. Defects, whether actual or perceived, could result in adverse publicity, loss of revenues, product returns, a delay in market acceptance of our products, loss of competitive position or claims against us by customers. Any such problems could be costly to remedy and could cause interruptions, delays, or cessation of our product sales, which could cause us to lose existing or prospective customers and could negatively affect our results of operations.

We may be subject to infringement, misappropriation and indemnity claims in the future, which may cause us to incur significant expenses, pay substantial damages and be prevented from providing our services or technologies.

Our success depends, in part, on our ability to carry out our business without infringing the intellectual property rights of third parties. Patent and copyright law covering software-related technologies is evolving rapidly and is subject to a great deal of uncertainty. Our self-developed or licensed technologies, processes or methods may be covered by third-party patents or copyrights, either now existing or to be issued in the future. Any potential litigation may cause us to incur significant expenses. Third-party claims, if successfully asserted against us may cause us to pay substantial damages, seek licenses from third parties, pay ongoing royalties, redesign our services or technologies, or prevent us from providing services or technologies subject to these claims. Even if we were to prevail, any litigation would likely be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Our failure to protect our intellectual property rights may undermine our competitive position, and subject us to costly litigation to protect our intellectual property rights.

Any misappropriation of our technology or the development of competitive technology could seriously harm our business. We regard a substantial portion of our hardware and software systems as proprietary and rely on statutory copyright, trademark, patent, trade secret laws, customer license agreements, employee and third-party non-disclosure agreements and other methods to protect our proprietary rights. Nevertheless, these resources afford only limited protection and the actions we take to protect our intellectual property rights may not be adequate. In particular, third parties may infringe or misappropriate our proprietary technologies or other intellectual property rights, which could have a material adverse effect on our business, financial condition and results of operations. In addition, intellectual property rights and confidentiality protection in China may not be as effective as in the United States, and policing unauthorized use of proprietary technology can be difficult and expensive. Further, litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. The outcome of any such litigation may not be in our favor. Any such litigation may be costly and may divert management attention, as well as our other resources, away from our business. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, we have no insurance coverage against litigation costs and would have to bear all litigation costs in excess of the amount recoverable from other parties. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our solutions incorporate a portion of, and work in conjunction with, third-party hardware and software solutions. If these third-party hardware or software solutions are not available to us at reasonable costs, or at all, our results of operations could be adversely impacted.

Although our hardware and software systems and mobile applications primarily rely on our own core technologies, some elements of our systems incorporate a small portion of third-party hardware and software solutions. If any third party were to discontinue making their intellectual property available to us or our customers on a timely basis, or increase materially the cost of their licensing such intellectual property, or if our systems or applications failed to properly function or interoperate with replacement intellectual property, we may need to incur costs in finding replacement third-party solutions and/or redesigning our systems or applications to replace or function with or on replacement third-party proprietary technology. Replacement technology may not be available on terms acceptable to us or at all, and we may be unable to develop alternative solutions or redesign our systems or applications on a timely basis or at a reasonable cost. If any of these were to occur, our results of operations could be adversely impacted.

Our ability to sell our products is highly dependent on the quality of our service and support offerings, and our failure to offer high quality service could have a material adverse effect on our ability to market and sell our products.

Our customers depend upon our customer service and support staff to resolve issues relating to our products. High-quality support services are critical for the successful marketing and sale of our products. If we fail to provide high-quality support on an ongoing basis, our customers may react negatively and we may be materially and adversely affected in our ability to sell additional products to these customers. This could also damage our reputation and prospects with potential customers. Our failure to maintain high-quality support services could have a material and adverse effect on our business, results of operations and financial condition.

Weaknesses in our internal controls over financial reporting or disclosure controls and procedures may have a material adverse effect on our business, the price of our ordinary shares, operating results and financial condition.

We are required to establish and maintain appropriate internal controls over financial reporting and disclosure controls and procedures. Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules adopted by the Securities and Exchange Commission, every public company is required to include a management report on its internal controls over financial reporting in its transition report, which contains management's assessment of the effectiveness of the company's internal controls over financial reporting. This requirement first applied to our annual report on Form 20-F for the fiscal year ended on September 30, 2011. In connection with our assessments of our disclosure controls and procedures and internal controls over financial reporting, management concluded that as of September 30, 2018, our disclosure controls and procedures and our internal controls over financial reporting were not effective due to lack of U.S. generally accepted accounting principles ("U.S. GAAP") expertise in our current accounting team. Please refer to the discussion under Item 15, "Controls and Procedures" for further discussion of our material weakness as of December 31, 2017. Should we be unable to remediate the material weakness promptly and effectively, such weakness could harm our operating results, result in a material misstatement of our financial statements, cause us to fail to meet our financial reporting obligations or prevent us from providing reliable and accurate financial reports or avoiding or detecting fraud. This, in turn, could result in a loss of investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on the trading price of our ordinary shares. Any litigation or other proceeding or adverse publicity relating to the material weaknesses could have a material adverse effect on our business and operating results.

We have very limited insurance coverage which could expose us to significant costs and business disruption.

We do not maintain any insurance coverage for our leased properties. Should any natural catastrophes such as earthquakes, floods, typhoons or any acts of terrorism occur in Beijing, China, where our head office is located and most of our employees are based, or elsewhere in China, we might suffer not only significant property damages, but also loss of revenues due to interruptions in our business operations, which could have a material adverse effect on our business, operating results or financial condition.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products, and do not, to our knowledge, offer business liability insurance. As a result, we do not have any business liability insurance coverage for our operations. Moreover, while business disruption insurance is available, we have determined that the risks of disruption and cost of the insurance are such that we do not require it at this time. Any business disruption, litigation or natural disaster might result in substantial costs and diversion of resources, particularly if it affects our technology platforms which we depend on for delivery of our software and services, and could have a material adverse effect on our financial condition and results of operations.

We may be liable to our customers for damages caused by unauthorized disclosure of sensitive and confidential information, whether through our employees or otherwise.

We are typically required to manage, utilize and store customer data in connection with the products and services we provide. Under the terms of our customer contracts, we are required to keep such information strictly confidential. We seek to implement specific measures to protect sensitive and confidential customer data. We require our employees to enter into non-disclosure agreements to limit such employees' access to, and distribution of, our customers' sensitive and confidential information and our own trade secrets. We can give no assurance that the steps taken by us in this regard will be adequate to protect our customers' confidential information. If our customers' proprietary rights are misappropriated by our employees, in violation of any applicable confidentiality agreements or otherwise, our customers may consider us liable for that act and seek damages and compensation from us. However, we currently do not have any insurance coverage for mismanagement or misappropriation of such information by our employees. Any litigation with respect to unauthorized disclosure of sensitive and confidential information might result in substantial costs and diversion of resources and management attention.

We may face intellectual property infringement claims that could be time-consuming and costly to defend. If we fail to defend ourselves against such claims, we may lose significant intellectual property rights and may be unable to continue providing our existing products and services.

It is critical that we use and develop our technology and products without infringing upon the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. Intellectual property litigation is expensive and time-consuming and could divert management's attention from our business. A successful infringement claim against us, whether with or without merit, could, among other things, require us to pay substantial damages, develop non-infringing technology, or re-brand our name or enter into royalty or license agreements that may not be available on acceptable terms, if at all, and cease making, licensing or using products that have infringed a third party's intellectual property rights. Protracted litigation could also result in existing or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation, or could require us to indemnify our customers against infringement claims in certain instances. Also, we may be unaware of intellectual property registrations or applications relating to our services that may give rise to potential infringement claims against us. Parties making infringement claims may be able to obtain an injunction to prevent us from delivering our services or using technology containing the allegedly infringing intellectual property. Any intellectual property litigation could have a material adverse effect on our business, results of operations or financial condition.

Seasonality and fluctuations in our customers' spending cycle and other factors can cause our revenues and operating results to vary significantly from quarter to quarter and from year to year.

Our revenues and operating results will vary significantly from quarter to quarter and from year to year due to a number of factors, many of which are outside of our control. Our new lines of business acquired upon the consummation of the asset exchange transaction discussed below see higher customer use and activity during the Chinese New Year holiday than other times during the year when rail travel is high, which lead to higher revenue during this period as more customers would like to place more advertising. Due to these and other factors, our operating results may fluctuate significantly from quarter to quarter and from year to year. These fluctuations are likely to continue in the future, and operating results for any period may not be indicative of our future performance in any future period.

Our corporate actions are substantially controlled by our principal shareholders, who can cause us to take actions in ways you may not agree with.

Mr. Xuesong Song, our chairman, chief executive officer and a member of our board of directors, beneficially owns 19.31% of our outstanding ordinary shares and 1,000,000 preferred shares, and each preferred share has the right to 399 votes at a meeting of the members of the Company. Our officers and directors as a group beneficially own an aggregate of approximately 33.69% of our outstanding ordinary shares. These shareholders, acting individually or as a group, could exert control and substantial influence over matters such as electing directors, amending our constitutional documents, and approving acquisitions, mergers or other business combination transactions. This concentration of ownership and voting power may also discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our shares. Alternatively, our controlling shareholders may cause a merger, consolidation or change of control transaction even if it is opposed by our other shareholders, including those who purchase shares in this offering.

We depend on a small number of customers to derive a significant portion of our revenues. If we were to become dependent again upon a few customers, such dependency could negatively impact our business, operating results and financial condition.

We derived a material portion of our revenues from a small number of customers. In the years ended December 31, 2017 and 2016, our five largest customers accounted for 99.8% and 78.5% of our total sales, respectively, and our largest customer - Guangdong Zhanshi Media Advertising Co., Ltd. accounted for approximately 80.8% of our total sales during for the fiscal year ended December 31, 2017. As our customer base may change from year-to-year, during such years that the customer base is highly concentrated, the fluctuation of our sales to any of such major customers could have a material adverse effect on our business, operating results and financial condition. Moreover, our high customer base concentration may also adversely affect our ability to negotiate contract prices with these customers, which may in turn materially and adversely affect our results of operations.

Our historical outstanding accounts receivable have been relatively high. Inability to collect our accounts receivable on a timely basis, if at all, could materially and adversely affect our financial condition, liquidity and results of operations.

Historically, our outstanding accounts receivable have been relatively high. As of December 31, 2017 and 2016, our outstanding accounts receivable before impairment were \$10.4 million and \$2.10 million, respectively. Although we conduct credit evaluations of our customers, we generally do not require collateral or other security from our customers. In addition, we have had a relatively high customer concentration. The outstanding accounts receivable balance for our largest customer was 45.3% and 38.5% of our total accounts receivable balance as of December 31, 2017 and 2016, respectively. As a result, an extended delay or default in payment relating to a significant account would likely have a material and adverse effect on the aging schedule and turnover days of our accounts receivable. Our inability to collect our accounts receivable on a timely basis, if at all, could materially and adversely affect our financial condition, liquidity and results of operations.

Risks Related to Doing Business in China

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our services and materially and adversely affect our competitive position.

Substantially all of our business operations are conducted in China. Accordingly, our business, results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. Although the Chinese economy is no longer a planned economy, the PRC government continues to exercise significant control over China's economic growth through direct allocation of resources, monetary and tax policies, and a host of other government policies such as those that encourage or restrict investment in certain industries by foreign investors, control the exchange between RMB and foreign currencies, and regulate the growth of the general or specific market. These government involvements have been instrumental in China's significant growth in the past 30 years. The reorganization of the telecommunications industry encouraged by the PRC government has directly affected our industry and our growth prospect. In response to the recent global and Chinese economic downturn, the PRC government has adopted policy measures aimed at stimulating the economic growth in China. If the PRC government's current or future policies fail to help the Chinese economy achieve further growth or if any aspect of the PRC government's policies limits the growth of the telecommunications industry in China or our industry or otherwise negatively affects our business, our growth rate or

strategy, our results of operations could be adversely affected as a result.

Our business benefits from certain government tax incentives. Expiration, reduction or discontinuation of, or changes to, these incentives will increase our tax burden and reduce our net income.

Under the PRC Enterprise Income Tax Law passed in 2007 and the implementing rules, both of which became effective on January 1, 2008, or the New EIT Law, a unified enterprise income tax rate of 25% and unified tax deduction standard is applied equally to both domestic-invested enterprises and foreign-invested enterprises, or FIEs. Enterprises established prior to March 16, 2007 eligible for preferential tax treatment in accordance with the then tax laws and administrative regulations shall gradually become subject to the New EIT Law rate over a five-year transition period starting from the date of effectiveness of the New EIT Law. However, certain qualifying high-technology enterprises may still benefit from a preferential tax rate of 15% if they own their core intellectual properties and they are enterprises in certain State-supported high-tech industries to be later specified by the government. As a result, if our PRC subsidiaries qualify as “high-technology enterprises,” they will continue to benefit from the preferential tax rate of 15%, subject to transitional rules implemented from January 1, 2008. Our subsidiary, Beijing Zhong Chuan Shi Xun Technology Limited, is qualified as a “high-technology enterprise” until the end of the November 2018, and therefore it had benefited from the preferential tax rate of 15%, subject to transitional rules implemented on January 1, 2008. Although we intend to apply for a renewal of this qualification, if Beijing Zhong Chuan Shi Xun ceases to qualify as a “high-technology enterprise”, or the tax authorities change their position on our preferential tax treatments in the future, our future tax liabilities may materially increase, which could materially and adversely affect our financial condition and results of operations.

If we were deemed a “resident enterprise” by PRC tax authorities, we could be subject to tax on our global income at the rate of 25% under the New EIT Law and our non-PRC shareholders could be subject to certain PRC taxes.

Under the New EIT Law and the implementing rules, both of which became effective January 1, 2008, an enterprise established outside of the PRC with “de facto management bodies” within the PRC may be considered a PRC “resident enterprise” and will be subject to the enterprise income tax at the rate of 25% on its global income as well as PRC enterprise income tax reporting obligations. The implementing rules of the New EIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. However, as of the date of this transition report, no final interpretations on the implementation of the “resident enterprise” designation are available. Moreover, any such designation, when made by PRC tax authorities, will be determined based on the facts and circumstances of individual cases. Therefore, if we were to be considered a “resident enterprise” by the PRC tax authorities, our global income would be taxable under the New EIT Law at the rate of 25% and, to the extent we were to generate a substantial amount of income outside of PRC in the future, we would be subject to additional taxes. In addition, the dividends we pay to our non-PRC enterprise shareholders and gains derived by such shareholders or ADS or ordinary share holders from the transfer of our shares or ADSs may also be subject to PRC withholding tax at the rate up to 10%, if such income were regarded as China-sourced income.

Our holding company structure may limit the payment of dividends.

We have no direct business operations, other than our ownership of our subsidiaries. While we have no current intention of paying dividends, should we decide in the future to do so, as a holding company, our ability to pay dividends and meet other obligations depends upon the receipt of dividends or other payments from our operating subsidiaries and other holdings and investments. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Furthermore, if our subsidiaries in China incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. As a result, there may be limitations on the ability of our PRC subsidiaries to pay dividends or make other investments or acquisitions that could be beneficial to our business or otherwise fund and conduct our business.

In addition, under the New EIT Law and the implementing rules that became effective on January 1, 2008, dividends generated from the business of our PRC subsidiaries after January 1, 2008 and payable to us may be subject to a withholding tax rate of 10% if the PRC tax authorities subsequently determine that we are a non-resident enterprise, unless there is a tax treaty with China that provides for a different withholding arrangement.

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

We conduct all of our business through our subsidiaries in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws and regulations applicable to wholly foreign-owned enterprises. The PRC legal system is based on statutes. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of our May 2010 public offering to make loans or additional capital contributions to our PRC operating subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In utilizing the proceeds of our May 2010 public offering as an offshore holding company of our PRC operating subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our subsidiaries in China, which are FIEs, to finance their activities cannot exceed statutory limits and must be registered with the State Administration of Foreign Exchange, or SAFE. On August 29, 2008, SAFE promulgated Circular 142, a notice regulating the conversion by a foreign-invested company of foreign currency into RMB by restricting how the converted RMB may be used. The notice requires that RMB converted from the foreign currency-denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. The foreign currency-denominated capital shall be verified by an accounting firm before converting into RMB. In addition, SAFE strengthened its oversight over the flow and use of RMB funds converted from the foreign currency-denominated capital of a foreign-invested company. To convert such capital into RMB, the foreign-invested company must report the use of such RMB to the bank, and the RMB must be used to the reported purposes. According to Circular 142, change of the use of such RMB without approval is prohibited. In addition, such RMB may not be used to repay RMB loans if the proceeds of such loans have not yet been used. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Rules.

We may also decide to finance our subsidiaries by means of capital contributions. These capital contributions may need approval from the PRC Ministry of

Commerce, or MOFCOM, or its local counterpart. We may not be able to obtain government approvals on a timely basis, if at all, with respect to future capital contributions by us to our PRC subsidiaries. If we fail to receive such approvals in such cases when approval is required, our ability to use the proceeds of our May 2010 public offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Governmental control of currency conversion may affect the value of your investment.

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

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Fluctuation in the value of the RMB may have a material adverse effect on the value of your investment.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximate 26.8% appreciation of the RMB against the U.S. dollar between July 21, 2005 and September 30, 2015. Provisions on Administration of Foreign Exchange, as amended in August 2008, further changed China's exchange regime to a managed floating exchange rate regime based on market supply and demand. Since reaching a high against the U.S. dollar in July 2008, however, the RMB has traded within a narrow band against the U.S. dollar, remaining within 1% of its July 2008 high but never exceeding it. As a consequence, the RMB has fluctuated sharply since July 2008 against other freely-traded currencies, in tandem with the U.S. dollar. In August 2015, the PRC Government devalued its currency by approximately 3%, representing the largest yuan depreciation for 20 years. Concerns remain that China's slowing economy, and in particular its exports, will need a stimulus that can only come from further cuts in the exchange rate.

It is difficult to predict how long the current situation may continue and when and how it may change again as the People's Bank of China may regularly intervene in the foreign exchange market to achieve economic policy goals. Substantially all of our revenues and costs are denominated in the RMB, and a significant portion of our financial assets are also denominated in RMB. We principally rely on dividends and other distributions paid to us by our subsidiaries in China. Any significant revaluation of the RMB may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs or ordinary shares in U.S. dollars. Any fluctuations of the exchange rate between the RMB and the U.S. dollar could also result in foreign currency translation losses for financial reporting purposes.

PRC laws and regulations governing our businesses. If we are found to be in violation of such PRC laws and regulations, we could be subject to sanctions. In addition, changes in such PRC laws and regulations may materially and adversely affect our business.

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing our business. These laws and regulations are relatively new and may be subject to change, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance by foreign investors. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively.

The PRC government has broad discretion in dealing with violations of laws and regulations, including levying fines, revoking business and other licenses and requiring actions necessary for compliance. In particular, licenses and permits issued or granted to us by relevant governmental bodies may be revoked at a later time by higher regulatory bodies. We cannot predict the effect of the interpretation of existing or new PRC laws or regulations on our businesses. We cannot assure you that our current ownership and operating structure would not be found in violation of any current or future PRC laws or regulations. As a result, we may be subject to sanctions, including fines, and could be required to restructure our operations or cease to provide certain services. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. Any of these or similar actions could significantly disrupt our business operations or restrict us from conducting a substantial portion of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

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If we were required to obtain the prior approval of the China Securities Regulatory Commission, or CSRC, of the listing and trading of our ADSs on the NASDAQ Capital Market, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies.

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC and the SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective on September 8, 2006 (the "New M&A Rules"). This regulation, among other things, includes provisions that purport to require that an offshore special purpose vehicle formed for the purposes of overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. The CSRC approval procedures require the filing of a number of documents with the CSRC and it would take several months to complete the approval process, if practicable at all. The application of this new PRC regulation remains unclear with no consensus currently existing among leading PRC law firms regarding the scope of the applicability of the CSRC approval requirement.

Prior to our May 2010 initial public offering, our PRC counsel has advised us that, based on its understanding of the current PRC laws and regulations as well as the procedures announced on September 21, 2006: (i) Softech was directly incorporated by Topsyky as a foreign investment enterprise under PRC law; therefore, there was no acquisition of the equity of a "PRC domestic company" as defined under the New M&A Rules; and (ii) the contractual arrangements between Kingtone Information and Softech were not clearly defined and considered as the transaction which shall be applied to the New M&A Rules. Therefore, we did not seek prior CSRC approval for our initial public offering.

However, if the CSRC required that we obtain its approval prior to the completion of our initial public offering and the listing of our ADSs on the NASDAQ Capital Market, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from our initial public offering into the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our shares.

Also, if the CSRC approval is not obtained in a timely manner, the CSRC approval requirements if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding this CSRC approval requirement could have a material adverse effect on the trading price of our shares.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to penalties and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect us.

On October 21, 2005, the SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or Notice 75, which became effective as of November 1, 2005. According to Notice 75, prior registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purposes of financing such offshore company with assets or equity interests in an onshore enterprise located in the PRC, or an offshore special purpose company. An amendment to registration or filing with the local SAFE branch by such PRC resident is also required for the injection of equity interests or assets of an onshore enterprise in the offshore special purpose company or overseas funds raised by such offshore company, or any other material change involving a change in the capital of the offshore special purpose company. Moreover, Notice 75 applies retroactively. As a result, PRC residents who have established or acquired control of offshore special purpose companies that have made onshore investments in the PRC in the past are required to have completed the relevant registration procedures with the local SAFE branch by March 31, 2006. To further clarify the implementation of Notice 75, the SAFE issued Circular 106 on May 29, 2007. Under Circular 106, PRC subsidiaries of an offshore special purpose company are required to coordinate and supervise the filing of SAFE registrations by the offshore holding company's shareholders or beneficial owners who are PRC residents in a timely manner.

Some of our current shareholders and/or beneficial owners may fall within the ambit of the SAFE notice and be required to register with the local SAFE branch as required under the SAFE notice. If so required, and if such shareholders and/or beneficial owners fail to timely register their SAFE registrations pursuant to the SAFE notice, or if future shareholders and/or beneficial owners of our company who are PRC residents fail to comply with the registration procedures set forth in the SAFE notice, this may subject such shareholders, beneficial owners and/or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to our company, or otherwise adversely affect our business.

Risks Associated with our ADSs and Ordinary Shares

Our securities are not currently traded on any United States public markets and you may not be able to resell your securities for some time.

There is currently no public market for our ordinary shares or American Depository Shares ("ADSs") in the United States or in any other jurisdiction. Our ADSs were voluntarily delisted from the NASDAQ Capital Market on September 19, 2018. We have applied to NASDAQ for the listing of our ordinary shares on the NASDAQ Capital Market and received an approval for listing of Ordinary Shares on August 6, 2018, and as of the date of this transition report, that application and approval are currently under review. We cannot assume that our ordinary shares will be accepted for listing on the NASDAQ Capital Market, or if listed, that we would continue to meet the applicable minimum listing requirements. You may not be able to sell your ordinary shares quickly or at all if we are unable to gain listing on a public market in the United States.

The market price of our ADSs has historically been highly volatile, and you may not be able to resell our ordinary shares at or above your initial purchase price.

There may be a limited public market for our ordinary shares and, as discussed above, our ADSs are no longer listed on any public market in the United States or any other jurisdiction. We cannot assure you that there will be an active trading market for our ordinary shares in the future. If our ordinary shares are accepted for listing on a public market, you may not be able to sell your ordinary shares quickly or at the market price if trading in our ordinary shares is not active.

The trading price of our ADSs and ordinary shares may be volatile. The price of our ADSs and ordinary shares could be subject to wide fluctuations in response to a variety of factors, including the following:

1. Introduction of new products, services or technologies offered by us or our competitors;
2. Failure to meet or exceed revenue and financial projections we provide to the public;
3. Actual or anticipated variations in quarterly operating results;
4. Failure to meet or exceed the estimates and projections of the investment community;
5. General market conditions and overall fluctuations in United States equity markets;
6. Announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
7. Disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
8. Additions or departures of key management personnel;
9. Issuances of debt or equity securities;
10. Significant lawsuits, including patent or shareholder litigation;
11. Changes in the market valuations of similar companies;
12. Sales of additional ordinary shares or other securities by us or our shareholders in the future;
13. Trading volume of our ordinary shares;
14. Fluctuations in the exchange rate between the U.S. dollar and Renminbi;
15. Negative market perception and media coverage of our company or other companies in the same or similar industry with us; and
16. Other events or factors, many of which are beyond our control.

In addition, the stock market in general, and the NASDAQ Capital Market and software products and services companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our ordinary shares, regardless of our actual operating performance.

Our ADSs and ordinary shares may be subject to the SEC's penny stock rules which may make it difficult for broker-dealers to complete customer transactions and trading activity in our securities.

Our ADSs and ordinary shares may be deemed to be "penny stock" as that term is defined under the Securities Exchange Act of 1934, as amended. Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). Penny stock rules impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors." The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse in each of the prior two years.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC, which provides information about penny stocks and the nature and level of risks in the penny stock market. Moreover, broker-dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. A broker-dealer must receive a written agreement to the transaction from the investor setting forth the identity and quantity of the penny stock to be purchased. These requirements may make it more difficult for broker-dealers to effectuate customer transactions and trading activity in our securities. As a result, the market price of our ADSs and ordinary shares may be depressed, and you may find it more difficult to sell our ADSs or ordinary shares.

Sales of a substantial number of ordinary shares or ADSs in the public market by our existing shareholders could cause the price of our ADSs to fall.

Sales of a substantial number of our ordinary shares or ADSs in the public market or the perception that these sales might occur, could depress the market price of our ADSs and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our ADSs.

All of our existing shareholders prior to our May 2010 offering were subject to lock-up agreements with the underwriters of the offering that restricted the shareholders' ability to transfer ordinary shares or ADSs until expiration of the lock-up period in November 2010. The lock-up agreements limited the number of ordinary shares or ADSs that may be sold immediately following the public offering. Subject to certain limitations, approximately 1,000,000 of our total outstanding shares are now eligible for sale. Sales of ordinary shares by these shareholders could have a material adverse effect on the trading price of our ADSs.

Future sales and issuances of our ordinary shares, or rights to purchase our ordinary shares, including pursuant to our 2010 Omnibus Incentive Plan, could result in additional dilution of the percentage ownership of our shareholders and could cause the price of our ordinary shares to fall.

We expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our shareholders may experience substantial dilution. We may sell ordinary shares, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell ordinary shares, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing shareholders, and new investors could gain rights superior to our existing shareholders.

We do not intend to pay dividends on our ordinary shares, so any returns will be limited to the value of our ADSs and ordinary shares.

We have never declared or paid any cash dividend on our ordinary shares. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return shareholders will therefore be limited to the value of their ADSs or ordinary shares.

As the rights of shareholders under British Virgin Islands law differ from those under U.S. law, you may have fewer protections as a shareholder.

Our corporate affairs will be governed by our memorandum of association and articles of association, the BVI Business Companies Act, 2004, or the BVI Act, of the British Virgin Islands and the common law of the British Virgin Islands. The rights of shareholders to take legal action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law are to a large extent governed by the BVI Act and the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived in part from comparatively limited judicial precedent in the British Virgin Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the British Virgin Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States. In particular, the British Virgin Islands has a less developed body of securities laws as compared to the United States, and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law.

As a result of all of the above, holders of our ADSs and ordinary shares may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than they would as shareholders of a U.S. company.

British Virgin Islands companies may not be able to initiate shareholder derivative actions, thereby depriving shareholders of the ability to protect their interests.

British Virgin Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. The circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect to any such action, may result in the rights of shareholders of a British Virgin Islands company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred. The British Virgin Islands courts are also unlikely to recognize or enforce against us judgments of courts in the United States based on certain liability provisions of U.S. securities law; and to impose liabilities against us, in original actions brought in the British Virgin Islands, based on certain liability provisions of U.S. securities laws that are penal in nature. There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States, although the courts of the British Virgin Islands will generally recognize and enforce the non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

The laws of the British Virgin Islands provide little protection for minority shareholders, so minority shareholders will have little or no recourse if the shareholders are dissatisfied with the conduct of our affairs.

Under the law of the British Virgin Islands, there is little statutory law for the protection of minority shareholders other than the provisions of the BVI Act dealing with shareholder remedies. The principal protection under statutory law is that shareholders may bring an action to enforce the constituent documents of the corporation, our memorandum of association and articles of association. Shareholders are entitled to have the affairs of the company conducted in accordance with the general law and the memorandum of association and articles of association.

There are common law rights for the protection of shareholders that may be invoked, largely dependent on English company law, since the common law of the British Virgin Islands is limited. Under the general rule pursuant to English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to have the affairs of the company conducted properly according to law and the company's constituent documents. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum of association and articles of association, then the courts will grant relief. Generally, the areas in which the courts will intervene are the following: (1) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority; (2) acts that constitute fraud on the minority where the wrongdoers control the company; (3) acts that infringe on the personal rights of the shareholders, such as the right to vote; and (4) where the company has not complied with provisions requiring approval of a majority of shareholders, which are more limited than the rights afforded minority shareholders under the laws of many states in the United States.

Some provisions of our memorandum of association and articles of association may discourage, delay or prevent a change in 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.

If you hold our ADSs, you may not have the same voting rights as the holders of our ordinary shares and must act through the depositary to exercise your rights.

Holders of our ADSs will not be able to exercise voting rights attaching to the shares evidenced 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 shares represented by the ADSs. You may not receive voting materials in time to instruct the depositary to vote, 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. Upon our written request, the depositary will mail to you a shareholder meeting notice which contains, among other things, a statement as to the manner in which your voting instructions may be given, including an express indication that such instructions may be given or deemed given to the depositary to give a discretionary proxy to a person designated by us if no instructions are received by the depositary from you on or before the response date established by the depositary. However, no voting instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depositary that (i) we do not wish such proxy given, (ii) substantial opposition exists, or (iii) such matter materially and adversely affects the rights of shareholders. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but you may not receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we may not, and under the deposit agreement for the ADSs, the depositary will not, offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to rely on an exemption from registration under the Securities Act to distribute such rights and securities. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

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

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

We may be a passive foreign investment company, of PFIC, which could lead to additional taxes for U.S. holders of our ADSs or ordinary shares.

We do not expect to be, for U.S. federal income tax purposes, a passive foreign investment company, or a PFIC, which is a foreign company for which, in any given taxable year, either at least 75% of its gross income is passive income, or investment income in general, or at least 50% of its assets produce or are held to produce passive income, for the current taxable year, and we expect to operate in such a manner so as not to become a PFIC for any future taxable year. However, because the determination of PFIC status for any taxable year cannot be made until after the close of such year and requires extensive factual investigation, including ascertaining the fair market value of our assets on a quarterly basis and determining whether each item of gross income that we earn is passive income, we cannot assure you that we will not become a PFIC for the current taxable year or any future taxable year. If we are or become a PFIC, a U.S. holder of our ADSs or ordinary shares could be subject to additional U.S. federal income taxes on gain recognized with respect to the ADSs or ordinary shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

If our ordinary shares are listed on the NASDAQ Capital Market and the trading price of our ordinary shares fails to comply with the continued listing requirements of the NASDAQ Capital Market, we would face possible delisting, which would result in a limited public market for our ordinary shares and make obtaining future debt or equity financing more difficult for us.

Companies listed on NASDAQ are subject to delisting for, among other things, failure to maintain a minimum closing bid price of \$1.00 per share for 30 consecutive business days. On December 19, 2011, we received a letter from NASDAQ indicating that for the last 30 consecutive business days, the closing bid price of our ADSs fell below the minimum \$1.00 per share requirement pursuant to NASDAQ Listing Rule 5550(a)(2) for continued listing on the NASDAQ Capital Market. We regained compliance with the minimum bid price requirement for continued listing set forth in NASDAQ Listing Rule 5550(a)(2), as its ADS with its underlying ordinary share has achieved a closing bid price of \$1.00 or greater for the 10 consecutive business days from November 6 to November 23, 2012 by implementing a 1-for-10 combination, or reverse split of the ordinary shares effective November 6, 2012. When listed, we cannot be sure that the price of our ordinary shares will comply with this requirement for continued listing on the NASDAQ Capital Market in the future. If we were not able to do so, our ordinary shares would be subject to delisting and would likely trade on the over-the-counter market. If our ordinary shares were to trade on the over-the-counter market, selling our ordinary shares could be more difficult because smaller quantities of shares would likely be bought and sold, transactions could be delayed, and security analysts' coverage of us may be reduced. In addition, broker-dealers have certain regulatory burdens imposed upon them, which may discourage broker-dealers from effecting transactions in our ordinary shares, further limiting the liquidity of our ordinary shares. As a result, the market price of our ordinary may be depressed, and you may find it more difficult to sell our ordinary shares. Such delisting from the NASDAQ Capital Market and continued or further declines in our share price could also greatly impair our ability to raise additional necessary capital through equity or debt financing.

ITEM 4. INFORMATION ON THE COMPANY.

A. HISTORY AND DEVELOPMENT OF THE COMPANY.

Overview

We are a holding company and conduct our operations through our wholly-owned subsidiary named LK Technology Ltd., a British Virgin Islands limited liability company ("LK Technology"), and its wholly-owned subsidiaries, MMB Limited and Mobile Media (China) Limited and their respective subsidiaries, which hold the rights to deploy Wi-Fi systems on about 700 trains in China, including 290 trains in which Wi-Fi systems have already been installed and are in operation. In May 2010, we consummated an initial public offering of our American Depositary Shares, or ADSs, for gross proceeds of \$16 million, and our ADSs were listed on the NASDAQ Capital Market under the ticker symbol "KONE". Our ordinary shares are not currently listed on any trading market. Our American Depositary Shares ("ADSs") were voluntarily delisted from the NASDAQ Capital Market on September 19, 2018. We have applied to NASDAQ for the listing of our ordinary shares on the NASDAQ Capital Market and received an approval for listing of Ordinary Shares on August 6, 2018, and as of the date of this transition report, that application and approval are currently under review.

On August 17, 2018, we consummated an asset exchange transaction, pursuant to which we exchanged all issued and outstanding capital stock in Topsy Info-Tech Holdings Pte Ltd., the parent of Softech, for the issued and outstanding capital stock of LK Technology (the “Asset Exchange”). In connection with the Asset Exchange, we changed our name on August 20, 2018, and on September 20, 2018, issued to the shareholders of C Media Limited, the former parent of LK Technology, (i) 185,412,599 of our ordinary shares, par value \$0.01 per share and (ii) 1,000,000 of our preferred shares. Upon the consummation of the Asset Exchange, we ceased our previous business operations and became a company focused on the provision of Wi-Fi and mobile application products for long distance rail travelers in China.

On August 25, 2018, LK Technology entered into a Stock Purchase Agreement (the “Agreement”) with the shareholders (“Shareholders”) of Superengine Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands (the “Superengine”), pursuant to which LK Technology acquired all of the issued and outstanding capital stock of Superengine for an aggregate purchase price of US\$60 million (the “Purchase Price”), which are paid by the issuance of our Ordinary Shares in an amount equal to the quotient of (x) the Purchase Price divided by (y) the average of the closing prices of the Ordinary Shares on the NASDAQ Capital Market over the 12 months period preceding July 31, 2018. We are a party to the Agreement in connection with the issuance of the Ordinary Shares and certain other limited purposes.

Corporate Information

Our principal executive offices are located at LAB32, SOHO 3Q, No 9, Guanghua Road, Chaoyang District, Beijing, People’s Republic of China 100020. Our website is www.luokung.com. We routinely post important information on our website. The information contained on our website is not a part of this transition report.

Our agent for service of process in the United States is Worldwide Stock Transfer, LLC, the current transfer agent of the Company, with a mailing address of One University Plaza, Suite 505, Hackensack, New Jersey 07601.

B. BUSINESS OVERVIEW.

We are a China-based provider of rail Wi-Fi and mobile application products for long distance travelers in China. Our primary mobile application, the LuoKuang platform, consists of the LuoKuang mobile applications, a series of supporting software at the server end, and rail-Wi-Fi hardware and equipment on the trains that we serve. The LuoKuang platform incorporates technology covered by 22 patents and about 34 software copy rights, and serves as a content and service distribution platform that is tailored for particular travel stages featuring geographic location and social interaction. The content and services distributed by LuoKuang contain information, entertainment, travel, e-commerce, online to offline (“O2O”), advertisement and marketing features.

LuoKuang mainly provides personalized and precise services to long distance travelers in two locations: on the train and at the destination. Based on the travel environment, the core elements of our users’ needs include staving off boredom on trains and discovering and exploring new locations upon arrival. The main services contain entertainment services (videos and audio, digital readings, games specific and tailored to the travel stage) and social services (satisfying the demand for value discovery of unfamiliar destinations through social interaction among strangers based on locations). As of December 31, 2017, the LuoKuang platform featured about 38 million users.

The setting services on the train focus on providing entertainment content for passengers to pass time during long-distance travel in closed environments. For example, we provide access to long video formats such as movies and TV shows, short videos, music, digital readings and games.

We use the most valuable Wi-Fi location—the train Wi-Fi setting—as the entrance of our LuoKuang platform and mobile applications. Passengers typically ride trains for long-distance and inter-provincial travel purposes. The long periods of monotonous journeys and the cost concerns for roaming traffic fees enable the combination of entertainment content service needs and Wi-Fi access needs. Our rail-Wi-Fi becomes a valuable and sophisticated Wi-Fi service in this setting—not just Wi-Fi connection service, but a provider of sophisticated services through a Wi-Fi connection. In addition, the annual traffic of 800,000 passengers onboard each train makes rail Wi-Fi a huge entry point for mobile applications. We do not define ourselves as a train Wi-Fi communication service operator but as a long-distance travel mobile service provider. We provide users with free Wi-Fi access so that users are able to connect to the LuoKuang platform and thus access related entertainment services, services on the train and destination services. The rail Wi-Fi is our access point to a significant pool of users and the entrance to acquiring additional users.

The setting services focus on providing targeted push services to users while travelling in unfamiliar cities. Information and service guidance are precisely pushed to appeal to the interests and tastes (eating, drinking, shopping, touring and culture) of individual users (cuisine specialties and local snacks, local events, viewing sights, culture, history, stories). The service guidance is generated, shared and distributed by individual users (travelers, local residents, local businesses) interacting with current locations and featuring users who generated contents from self-media and small and medium vertical contents providers).

Based on the GIS (geo-information system), Superengine is a provider of big spatial-temporal data, network graphic image technology and relevant service. Its super engine series includes computer graphic image engines and spatial database engines. Spatial-temporal cloud index is the core of the company’s spatial-temporal data engines. It is equivalent to the neural network of the big data and the Internet. It extends the value of its products and platform to its data service providers. In cooperation, its service providers can be divided into three categories, namely, basic geographic data providers, industrial data providers and behavioral data providers). Superengine’s industries-oriented spatial-temporal data engine was launched in 2016. The spatial-temporal GIS platform has been applied in industries such as aerospace, power grid, surveying & mapping, agriculture, cultural relic preservation, water conservancy, public security, railway section, smart cities, and business location selection.

Our primary sources of revenue are advertising and marketing promotion revenues.

Our Industry — Mobile Internet Industry

Our products and services are engaged in the mobile internet industry. Our main services consist of entertainment services (videos, audio, digital readings, games that are tailor-made for passengers on train) and other services including satisfying the demand for value discovery of unfamiliar destinations through social interactions among strangers based in such locations). The mobile internet industry in China is rapidly growing and is likely to be in a long-term growth trend. According to the Mobile Internet Blue Book of China Mobile Internet Report, in 2017 the market size of China mobile internet reached RMB 605 billion. Now China is in a leading position in terms of smartphone, mobile communication network and mobile application services. The pool of users is anticipated to keep expanding through the promotion and popularization of smartphones and the expansion of the mobile internet market.

Video is the leading online entertainment format in China. According to the iResearch Report, over 80% of total time spent by users on online entertainment in China in 2016 was internet video. Online entertainment, especially internet video, is attractive to Chinese users due to many favorable factors, including easy accessibility, wide content selection, and innovative platforms with social features.

For 2017, the transaction volume of China mobile e-commerce market reached to over RMB 4 trillion according to the China Mobile E-commerce Industry Research Report from iResearch, representing an increase of 19.1%. For the next few years, China mobile online shopping will likely maintain steady growth. The

The revenue for China mobile gaming industry reached RMB 144.58 billion for the year of 2017, according to the China Mobile Game Industry Research Report from iResearch. With increased investment by large-scale enterprises in the sector of mobile games and the strict enforcement of the mobile game industry-related regulatory policy guidelines, the mobile game market as a whole will become more organized and standardized.

According to the Annual Analysis of China Mobile Reading Industry from Analysis, for the year of 2017, the mobile reading market in China reached to RMB 14.04 billion. By the end of 2016, the size of China mobile's reading market reached RMB 11.86 billion, showing an increase of 18.38% in 2017.

The closed and boring environment for passengers of long-distance travel and high roaming charges lead to a strong demand to use our rail Wi-Fi services. Passengers, through their own mobile phone, have access to the free Wi-Fi network in each carriage, access to our rich mobile internet entertainment content and travel services. According to the annual statistical bulletin of China Rail-way Corporation in 2017, there were about 6,030 trains in operation in China in 2017, consisting of 2,935 high speed trains and 3,095 express trains. The rail Wi-Fi system that we have installed are currently all on express trains. The market value will be multiplied several times following the extended coverage of service on other trains.

Our Strengths

We believe the following strengths differentiate us from our competitors:

Our strategy is to build up personalized and targeted service products for travelers through rail Wi-Fi networks, enabling our services to evolve into a core driving distribution platform that provides content, news, games, e-commerce, OTO service, travel services and advertising and marketing. In comparison, our competitors offer simple forms of media services on trains. We focus on personalized and targeted matching between users on long distance trips and services. Our competitors focus on operating and generating internet traffic.

We possess a complete set of technology system including network, client end and service and operation platform. We have patent protections for Wi-Fi equipment on trains. Our technology strengths are briefly summarized below.

Wi-Fi Equipment	Patent protected. Supports Wi-Fi/3G/4G telecom modules; 4 core CPU with X86 architecture, and SSD hard disk with big storage for local contents.
Infrastructure	The technology infrastructures include the application program system, big data gathering and processing systems, intelligence clouds service deployment structure systems and our Wi-Fi hardware server deployment structure system. The operation center, big data center, contents center and rail-Wi-Fi server system are built on this infrastructure. On the above layer, the equipment management platform, account and payment platform, contents management platform and advertisement distribution platform are set up for daily management purpose.

LuoKuang strengthens the connection of services among people, setting and locations. In catering to people on the move, we anticipate strengthening the relationship between users and their locations in a given moment. Currently, LuoKuang provides the link between users and third-party service providers and provides value added services to both users and third-party service providers. The connection is not simply a traffic diversion, but also the direct presentation of relevant services in the LuoKuang platform. The open API interface and independent product software package allows easy access by service providers and developers and supports data service, advertisement operations, billing, users promotion and product marketing services. As an API product, LuoKuang does not create content or services. The content and services are provided by our partners in the LuoKuang platform. Now, the majority of top mobile internet content and services providers in China have a presence in the LuoKuang platform. Those include, but are not limited to, Toutiao, Wangyi News, iqiyyi, Letv, Youdian Cinema(Hollywood films), Sohu video, Phoenix Video, Kugou Music, FM Qingting, iReader, Baidu Literature, Phoenix Novel, Baidu Game, Meituan, Dianping, and similar content providers.

Our Strategy

LuoKuang is positioned to provide API interface services and geographic information social services. The API interface services are provided within the typical B-C model. LuoKuang pushes the content and services from third-party service providers to users. The local businesses, service practitioners, residents, and foreign travelers are all defined as a "user" and may participate in social interactions based on local value information and generate UGC content. The so-called local value information is defined as information, views, evaluations, experiences and experience sharing related to the local cultural scene, native products, entertainment, food, tourism and activities.

The LuoKuang user growth strategy is to have access to users through the travelers' use of mobile devices in connection with long-distance train travel. Through deploying Wi-Fi systems on trains and providing free Wi-Fi access to passengers, LuoKuang is able to have consistent access to long-distance travelers. The Wi-Fi system on the train has become a powerful user portal at the early stage of LuoKuang and has gained substantial user traffic. We are in a leading position in terms of numbers of trains contracted and trains in operation with our free Wi-Fi system. We have contracted with about 700 trains, which cover almost 560 million annual passenger trips. As of the date of this report, approximately 290 trains are operating our rail Wi-Fi system. We will continue to install our rail Wi-Fi system in the following years.

The development strategy for LuoKuang encompasses the following:

1. Enhance our local cycle service (a recommendation service system based on the location of travelers after their arrival, recommendations including tourist attractions, local specialties and other items of interest), strengthen services for arrivals in the form of social interaction and focus on the value of relationships between users and their current locations.
2. Focus on the development of geographic positioning technology. Get the business of local cycle and users on train mixed together. We will put our effort to maximize the synergy effect.
3. Big Data: Behavior data about passenger trips is obtained via the traffic entrance of rail Wi-Fi and these data will help to optimize our product.
4. While enhancing setting service experiences and optimizing entertainment experiences, we will enrich e-commerce services on trains featuring recommendations of customized products and e-commerce shopping guidance of products labeled with specific geographic location (and traffic diversion).
5. Focus on API positioning and attract more premium vertical service providers (contents and services).

Intellectual Property

We have registered the following software copyrights, patents and trademarks for our business operations. We believe this intellectual property forms an

Patents:

We have been granted some inventions by the State Intellectual Property Office of PRC. We possess a complete set of technology system including network, client end and service and operation platform. We have patent protections for Wi-Fi equipment on trains. We have received the following patents:

No.	Name of patent	Type	Registration Number	Date of Insurance
1.	Wireless communication multimedia chip business consumer information acquisition terminal device	Invention	ZL 2010 2 0528767.9	Sep 21, 2011
2.	A user behavior processing method and device for intelligent terminal	Invention	ZL 2013 1 0301728.3	May 27, 2015
3.	A global positioning system terminal device	Invention	ZL 2010 2 0253452.8	Nov 7, 2011
4.	A wireless multimedia server	Invention	ZL 2013 2 0220183.9	Nov 13, 2013
5.	Ordering system of passengers on train	Invention	ZL 2015 2 0095381.6	Aug 5, 2015
6.	A wireless multimedia server	Invention	ZL 2015 2 0201382.4	Oct 28, 2015
7.	An antenna structure	Invention	ZL 2016 2 0424352.4	Mar 1, 2017
8.	Spatial data progressive transmission method and device	Invention	201010617383.9	Jun 15, 2016
9.	Methods and devices for conflict detection and avoidance of spatial entity element labeling	Invention	201010617385.8	Mar 26, 2014
10.	Spatial data processing method and device	Invention	201010617399.X	Jun 26, 2013
11.	Method and device of spatial data simplification	Invention	201010617400.9	Mar 13, 2013
12.	Method and device for judging the occlusion type of space entity	Invention	201010617403.2	Sep 25, 2013
13.	A method and device for distributed mapping of 3d model data	Invention	201110274924.7	Mar 26, 2014
14.	Data simplification of 3d model, gradual transmission method and device	Invention	201110275336.5	Mar 25, 2015
15.	Spatial data transmission method and device	Invention	201110306393.5	Dec 13, 2014
16.	Methods and devices for spatial data processing, simplification and progressive transmission	Invention	201210104250.0	Jun 10, 2015
17.	Spatial data progressive transmission method and device	Invention	201310367021.2	Jun 23, 2017
18.	Simplification method and device of spatial data	Invention	201310367128.7	Sep 22, 2017
19.	The method and device to accelerate transmission and display of graphic data across platforms	Invention	201210116149.7	Aug 10, 2016
20.	Methods and devices related to spatial data compression, decompression and progressive transmission	Invention	201310136682.4	Nov 10, 2017

We also have two patents outside of China.

No.	Name of patent	Country	National Registration Number	Date of Insurance
1.	Spatial data processing method and device	Japan	2012-547439	Jun 20, 2014
2.	Methods and devices related to spatial data compression, decompression and progressive transmission	U.S.A	14/394,610	Sep 5, 2017

Software Copyrights:

We have received the following software copyrights from the National Copyright Administration (“NCA”) of PRC:

No.	Name of Copyright	Achievement approach	Registration number	Time of obtain	Expire time
1.	WAP PUSH Business operation platform system	Independent research and development	2007SRBJ1464	Jul 23, 2007	50 years
2.	TD-SCDMA Streaming media business management platform software V1.0	Independent research and development	2009SRBJ0412	Jan 22, 2009	50 years
3.	Content management platform system software V1.0	Independent research and development	2009SRBJ1374	Apr 1, 2009	50 years
4.	Mobile multimedia broadcast electronic service guide system software V1.0	Independent research and development	2009SRBJ1365	Apr 1, 2009	50 years
5.	Mobile video business operation platform system V1.0	Independent research and development	2007SRBJ1463	Jul 23, 2007	50 years
6.	Mobile multimedia broadcast emergency broadcast platform software V1.0	Independent research and development	2010SRBJ0720	Mar 5, 2010	50 years
7.	Mobile multimedia broadcast audio rich media interactive platform software V1.0	Independent research and development	2010SRBJ0719	Mar 5, 2010	50 years
8.	Printer typesetting and printing software V1.0	Independent research and development	2011SRBJ4190	Sep 28, 2011	50 years
9.	Electronic newspaper business support platform software V1.0	Independent research and development	2011SRBJ4186	Sep 28, 2011	50 years
10.	Public information business platform software V1.0	Independent research and development	2011SRBJ3810	Sep 27, 2011	50 years
11.	User interface scripting software V1.0	Independent research and development	2011SRBJ3809	Sep 27, 2011	50 years
12.	Integrated business management platform software V1.0	Independent research and development	2012SR003002	Jan 16, 2012	50 years
13.	Interactive business development platform	Independent research and	2011SRBJ4593	Nov 29, 2011	50 years

	software	development			
14.	Instant messaging and messaging system software	Independent research and development	2014SR122231	Aug 5, 2014	50 years
15.	General statistical platform software for client products	Independent research and development	2014SR216662	Dec 30, 2014	50 years
16.	CMMB Data broadcast management platform software	Independent research and development	2009SRBJ0391	Jan 22, 2009	50 years
17.	Integrated passenger train service system	Independent research and development	2012SR083665	Sep 5, 2012	50 years

No.	Name of Copyright	Achievement approach	Registration number	Time of obtain	Expire time
18.	JHBY Train inspection management system	Independent research and development	2013SR015105	Feb 21, 2013	50 years
19.	Integrated information engine platform software V1.0	Independent research and development	2014SR040347	Nov 30, 2001	50 years
20.	Super information engine development platform software V5.0	Independent research and development	2014SR036792	Mar 5, 2003	50 years
21.	Core map super network information engine platform software V1.0	Independent research and development	2014SR036772	Sep 15, 2007	50 years
22.	Integrated management of the grid gis software V1.0	Independent research and development	2014SR036808	Jun 20, 2008	50 years
23.	Core map rural power grid equipment GPS patrol system software V1.0	Independent research and development	2014SR036810	Dec 10, 2008	50 years
24.	Diagram grid patrol PDA system software V1.0	Independent research and development	2014SR036778	Dec 12, 2008	50 years
25.	Core map geographic information engine desktop platform software V1.0	Independent research and development	2014SR036614	Jan 15, 2009	50 years
26.	Integrated management of the grid geographic information Web system software V1.0	Independent research and development	2014SR036799	Mar 10, 2009	50 years
27.	Core map railway power supply equipment GPS patrol system software V1.0	Independent research and development	2014SR036783	Mar 25, 2010	50 years
28.	Core map network 3 d map server software V1.0	Independent research and development	2014SR036788	Feb 20, 2011	50 years
29.	Core map network 3d map client software V1.0	Independent research and development	2014SR036637	Feb 22, 2011	50 years
30.	Core map 3d map network publishing platform software V1.0	Independent research and development	2014SR036633	Mar 10, 2011	50 years
31.	Core map 3d map network release plug-in system software V1.0	Independent research and development	2014SR036622	Mar 15, 2011	50 years
32.	Core map network 3d map smartphone platform software V1.0	Independent research and development	2014SR036638	Apr 28, 2011	50 years
33.	Core map network GIS Shared mobile platform software V1.0	Independent research and development	2014SR036634	Oct 31, 2011	50 years
34.	Core map network GIS sharing platform software V1.0	Independent research and development	2014SR036639	Dec 16, 2011	50 years

Trademarks:

We have registered the following trademarks with the Trademark Office, State Administration for Industry and Commerce in the PRC:

No	Trademark	Classification Number	Valid Period	Registration Number
1	Y-图形	38	2010.04.21-2020.04.20	6746069
2	Y-图形	41	2010.09.07-2020.09.06	6746067
3	YRADIO-文字	35	2010.07.21-2020.07.20	6733437
4	YRADIO-文字	38	2010.04.21-2020.04.20	6733438
5	YRADIO-文字	41	2010.09.07-2020.09.06	6733439
6	LookLook-图形	38	2009.04.07-2019.04.06	4666051
7	LookLook-图形	42	2008.12.21-2018.12.20	4666050
8	YTV-文字	35	2010.07.21-2020.07.20	6733579
9	YTV-文字	38	2010.05.28-2020.05.27	6733578
10	YTV-文字	41	2010.09.07-2020.09.06	6733581
11	YTV-文字	42	2010.09.07-2020.09.06	6733580
12	YOUTV-文字	35	2010.07.21-2020.07.20	6733440
13	YOUTV-文字	38	2010.05.28-2020.05.27	6733441
14	xfeng-文字	35	2012.03.28-2022.03.27	9229145

No	Trademark	Classification Number	Valid Period	Registration Number
15	xfeng-文字	38	2012.03.28-2022.03.27	9229160
16	xfeng-文字	41	2012.03.28-2022.03.27	9229190
17	xfeng-文字	42	2012.03.28-2022.03.27	9229221

18	中传视讯-文字+图形	42	2008.12.21-2018.12.20	4666047
19	中传视讯-文字	42	2008.12.21-2018.12.20	4666048
20	中传视讯-文字	38	2008.12.21-2018.12.20	4666049
21	新蜂-文字	38	2011.08.21-2021.08.20	8538907
22	新蜂-文字	42	2012.01.28-2022.01.27	8539078
23	新蜂.潮-文字	38	2011.08.21-2021.08.20	8539104
24	新蜂.潮-文字	42	2012.01.28-2022.01.27	8539141
25	新影力	41	2014.08.28-2024.08.27	12288643
26	小人-图形	35	2014.08.28-2024.08.27	12287985
27	小人-图形	38	2014.08.28-2024.08.27	12288580
28	小人-图形	41	2014.08.28-2024.08.27	12288629
29	小人-图形	42	2014.08.28-2024.08.27	12288435
30	中传-文字	38	2014.08.28-2024.08.27	12288267
31	中传-图形	38	2014.08.28-2024.08.27	12288289
32	中童-文字	41	2014.08.07-2024.08.06	12214085
33	中童在线-文字	41	2014.08.07-2024.08.06	12214092
34	翠鸟-文字	38	2014.08.07-2014.08.06	12214058
35	翠鸟-文字	42	2014.08.07-2014.08.06	12214125
36	爱翠鸟-文字	38	2014.08.07-2024.08.06	12214066
37	爱翠鸟-文字	41	2014.08.07-2024.08.06	12214096
38	爱翠鸟-文字	42	2014.08.07-2024.08.06	12214126
39	翠鸟-图形	35	2014.08.07-2024.08.06	12214040
40	翠鸟-图形	38	2014.08.07-2024.08.06	12214074
41	翠鸟-图形	41	2014.08.07-2024.08.06	12214100
42	翠鸟-图形	42	2014.08.07-2024.08.06	12214131
43	信号小喇叭图形+CMEDIA	41	2015.03.21-2025.03.20	12480439
44	LookLook-图形	38	2015.11.14-2025.11.13	11533428
45	LookLook-图形	42	2014.06.21-2024.06.20	11533720
46	LookLook-文字	38	2014.07.14-2024.07.13	11534067
47	LookLook-文字	42	2014.04.14-2024.04.13	11534227
48	L-图形	35	2014.02.28-2024.02.27	11535002
49	L-图形	38	2014.02.28-2024.02.27	11535073
50	L-图形	41	2014.02.28-2024.02.27	11535181
51	L-图形	42	2014.02.28-2024.02.27	11535262
52	箩筐-图形	41	2016.06.14-2026.06.13	16580228
53	箩筐-图形	42	2016.06.14-2026.06.13	16580227
54	箩筐-文字	42	2016.09.28-2026.09.27	16580249
55	箩筐-文字	41	2016.06.14-2026.06.13	16580250
56	箩筐-文字	35	2016.09.21-2026.09.20	16580252
57	箩筐-文字	9	2016.06.14-2026.06.13	16580253

No	Trademark	Classification Number	Valid Period	Registration Number
58	箩筐-图形	38	2016.06.14-2026.06.13	16580229
59	箩筐-图形	35	2016.06.14-2026.06.13	16580230
60	箩筐-图形	9	2016.06.14-2026.06.13	16580231
61	微时光-文字	42	2016.09.28-2026.09.27	16580247
62	传游录屏-文字	9	2016.06.14-2026.06.13	16782144
63	传游录屏-文字	35	2016.06.14-2026.06.13	16782143
64	传游录屏-文字	38	2016.06.14-2026.06.13	16782142
65	传游录屏-文字	41	2016.06.14-2026.06.13	16782141
66	传游录屏-文字	42	2016.06.14-2026.06.13	16782140
67	录游器-文字	9	2016.06.14-2026.06.13	16782135
68	录游器-文字	35	2016.06.14-2026.06.13	16782136
69	录游器-文字	38	2016.06.14-2026.06.13	16782137
70	录游器-文字	41	2016.06.14-2026.06.13	16782138
71	录游器-文字	42	2016.06.14-2026.06.13	16782139
72	畅联TV-文字	41	2016.01.21-2026.01.20	15792467
73	畅联TV-文字	38	2016.01.21-2026.01.20	15792468
74	SuperEngine	9	2016.01.21-2026.01.20	8125722
75	SuperEngine	42	2016.01.21-2026.01.20	8125728
76	超擎	9/42	2016.01.21-2026.01.20	16473205
77	SUPERENGINE	9/42	2016.01.21-2026.01.20	16473185

* See below for an explanation of each classification number used in the table above.

Classification No. 9: data processing apparatus, couplers (data processing equipment), computer software (recorded), monitors (computer programs), smart cards (integrated circuit cards), electro-dynamic apparatus for the remote control of signals, alarms, and electric installations for the remote control of industrial operations.

Classification No. 35: auctioneering, sales promotion for others, marketing analysis, marketing research, import-export agencies, advisory services for business management, business management for franchise, personnel management consultancy, relocation services for businesses, and systemization of information into computer databases.

Classification No. 38: Include services that enable at least sensory communication between two people. Such services include that allow one person to talk to another, send messages from one person to another, Make verbal or visual contact between one person and the other. This classification especially include the service for broadcasting radio or television programs. Except for radio advertising services and telemarketing services.

Business Certificates and Qualifications

We have obtained all necessary regulatory certifications to conduct our business in the PRC, including without limitation, the following: Software Enterprise Recognition Certificate, Computer Information System Integration Qualification Certificate, Construction Enterprise Qualification Certificate, and Security Technology & Protection Enterprise Certificate. We have also been properly certified as a high-tech enterprise and have met the ISO 9001:2000 qualification management system.

Legal Proceedings

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we do not believe that we are a party to any litigation that will have a material adverse impact on our financial condition or results of operations. To our knowledge, other than as described below there are no material legal proceedings threatened against us. From time to time, we may be subject to various claims and legal actions arising in the ordinary course of business. Following the consummation of the AEA, we became successor in interest to the legal proceedings described below.

Litigation with Shanghai Fusheng Weier Intelligent Control Technology Co., Ltd.

On January 22, 2016, Zhong Chuan Rui You and Shanghai Fusheng Weier Intelligent Control Technology Co., Ltd. (“Fusheng Weier”) signed a contract for equipment of \$1,652,842 (RMB10,800,000). Since Zhong Chuan Rui You did not make the payments of \$1,126,381 (RMB7,360,000) on the due dates, Fusheng Weier filed a lawsuit against Zhong Chuan Rui You in Shanghai Xuhui District People's Court on October 8, 2016. On March 9, 2017, Xuhui District People's Court issued the verdict requiring Zhong Chuan Rui You to pay the overdue debts. In August 2017, C Media Limited made the payment of \$512,075 (RMB3,346,000). The remaining balance has been accrued in accounts payable. The payment schedule for the remaining balance is being negotiated by the two parties. On February 5, 2018, a hearing was held adding Zhong Chuan Shi Xun as a defendant. The Group plans to settle the remaining balance within one year.

Lawsuit with Gansu Jinlun Culture Media Co., Ltd.

On August 22, 2014, Zhong Chuan Rui You and Gansu Jinlun Culture Media Co., Ltd. (“Gansu Jinlun”) signed a “Lanzhou Railway Bureau Air-conditioned Train Wi-Fi Network System Advertising Operation Rights Agreement” for advertising on 72 trains of \$1,467,880 (RMB9,604,633). Due to the dispute on the project implementation, Zhong Chuan Rui You did not pay the advertising fee. On August 23, 2017, Gansu Jinlun filed a lawsuit with Gansu Intermediate People's Court. On December 19, 2017, Gansu Intermediate People's Court issued a verdict, ruling that Zhong Chuan Rui You settle the overdue advertising fee. Since only 18 out of 72 trains have been installed with Wifi network system, Zhong Chuan Rui You disputed and appealed to the verdict. The next court trial date has not yet been determined.

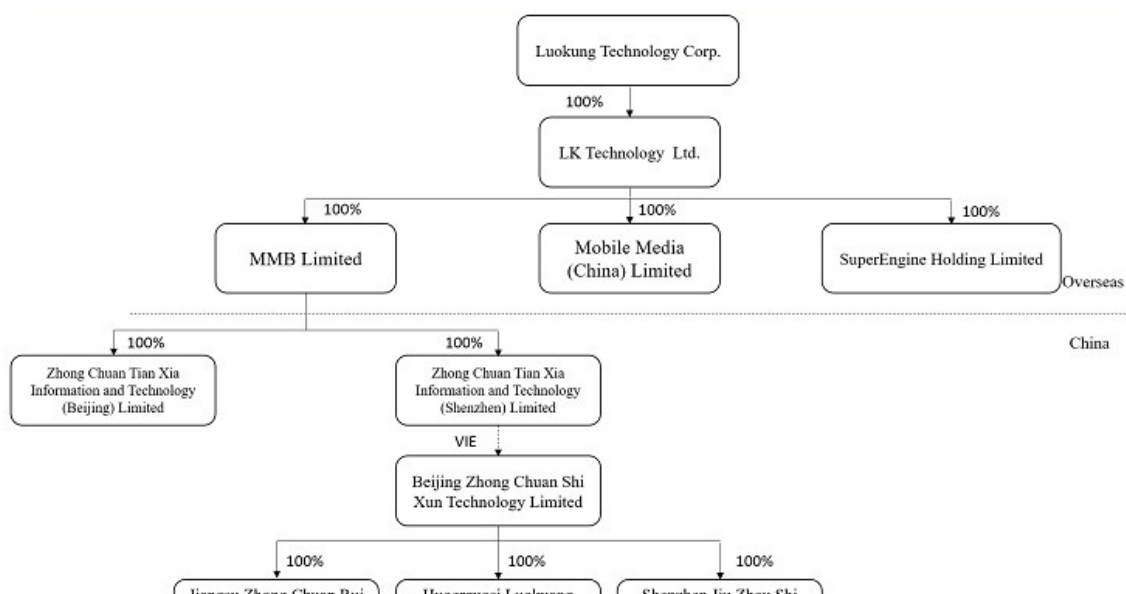
C Media and Gansu Jinlun are negotiating a potential settlement to resume the contract. According to the legal counsel, it is probable that the settlement will amount to approximately \$459,000 (RMB3,000,000); therefore, this amount has been accrued in accounts payable as at December 31, 2017.

Litigation with Shenzhen Hua Xun Fang Zhou Technology Co., Ltd.

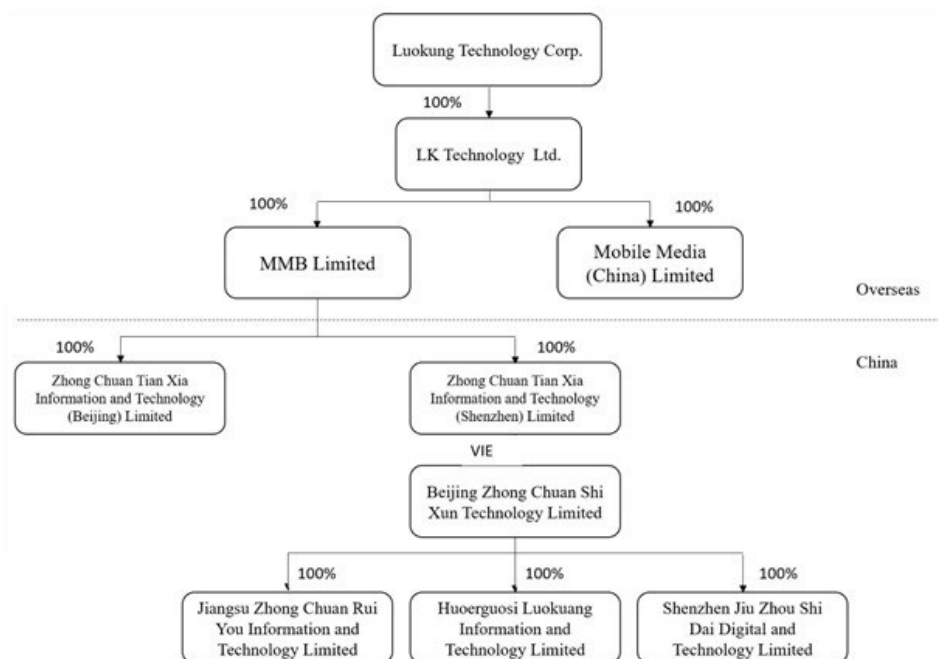
On June 16, 2015, Zhong Chuan Rui You signed a cooperation agreement with Shenzhen Hua Xun Fang Zhou Technology Co., Ltd. (“Shenzhen Hua Xun”) and Xuesong Song, a major shareholder of C Media Limited. Pursuant to this agreement, Zhong Chuan Rui You procures equipment from Shenzhen Hua Xun. Xuesong Song acts as a joint liability guarantor for the entire debts of Zhong Chuan Rui You under this agreement. As Zhong Chuan Rui You did not make the payments on the due dates, Shenzhen Hua Xun filed a lawsuit with Shenzhen Baoan District People's Court on May 31, 2016. On November 1, 2016, Zhong Chuan Rui You, Xuesong Song and Shenzhen Hua Xun reached a settlement in Shenzhen Baoan District People's Court to settle \$1,735,389 (RMB11,355,000) in four instalments. On December 30, 2017, the debt was assigned to C Media Limited.

C. ORGANIZATIONAL STRUCTURE

The following diagram illustrates our corporate structure and the place of formation and affiliation of each of our subsidiaries and affiliates as of September 30, 2018.



The following diagram illustrates our corporate structure and the place of formation and affiliation of each of our subsidiaries and affiliates as of December 31, 2017.



Contractual Arrangements with Beijing Zhong Chuan Shi Xun Technology Limited's Subsidiaries and Their Respective Shareholders

To comply with the PRC legal restrictions on foreign ownership of companies that operate mobile application services, our subsidiaries operate in such restricted service areas in the PRC through certain PRC domestic companies, whose equity interests are held by certain management members or founders of the LK Technology Ltd. Part of the registered capital of these PRC domestic companies was funded by certain management members or founders of LK Technology Ltd. LK Technology Ltd., through its subsidiary Zhong Chuan Tian Xia Information and Technology (Shenzhen) Limited (the "WFOE"), has entered into an exclusive business cooperation agreement with Beijing Zhong Chuan Shi Xun Technology Limited ("Zhong Chuan Shi Xun" or the "VIE") the PRC domestic company, which entitle the WFOE to receive a majority of profit of Zhong Chuan Shi Xun. In addition, Zhong Chuan Tian Xia Information and Technology (Shenzhen) Limited has entered into certain agreements with those management members or founders, including equity interest pledge agreement of the equity interests held by those management members or founders and exclusive option agreement to acquire the equity interests in these companies when permitted by the PRC laws, rules and regulations. Details of the typical VIE structure of our significant consolidated VIE, primarily domestic companies associated with the operations such as Zhong Chuan Shi Xun and its subsidiaries of Zhong Chuan Rui You, Huoerguosi Luokuang and Jiu Zhou Shi Dai, are set forth below:

Exclusive Business Cooperation Agreement

The VIE has entered into an exclusive business services agreement with the WFOE, pursuant to which the WFOE provides exclusive business services to the VIE. In exchange, the VIE pays a service fee to the WFOE which amounts to be no less than the 80% of the VIE's after-tax profit, resulting in a transfer of substantially all of the profits from the VIE to the WFOE.

Exclusive Option Agreement

The VIE equity holders have granted the WFOE exclusive call options to purchase their equity interest in the VIE at an exercise price equal to the minimum price as permitted by applicable PRC laws. The WFOE may nominate another entity or individual to purchase the equity interest, if applicable, under the call options. Each call option is exercisable subject to the condition that applicable PRC laws, rules and regulations do not prohibit completion of the transfer of the equity interest pursuant to the call option. The VIE agrees not to distribute any dividends to the VIE equity holders without the approval of WFOE.

Equity Interest Pledge Agreement

Pursuant to the equity pledge agreement, the VIE equity holders have pledged all of their interests in the equity of the VIE as a continuing first priority security interest in favor of the WFOE to secure the performance of obligations by the VIEs and/or the equity holders under the exclusive business cooperation agreement. The WFOE is entitled to exercise its right to dispose of the VIE equity holders' pledged interests in the equity of the VIE and has priority in receiving payment by the application of proceeds from the auction or sale of such pledged interests, in the event of any breach or default under the exclusive business cooperation agreement, if applicable. These equity pledge agreement remain in force until all the obligations under the exclusive business cooperation agreement have been fulfilled.

The exclusive business cooperation agreement and equity interest pledge agreement described above also enable the Company to receive substantially all of the economic benefits from the VIE by typically entitling the WFOE to all dividends and other distributions declared by the VIE and to any distributions or proceeds from the disposal by the VIE equity holders of their equity interests in the VIE.

D. PROPERTY AND EQUIPMENT

We lease offices located at Lab 30 & Lab 32, SOHO 3Q, No 9, Guanghua Road, Chaoyang District, Beijing, which covers a floor space of 600 square meters. These leases expire at different times throughout 2018 and are renewable upon negotiation.

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OPERATING RESULTS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes to those financial statements appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as our anticipated growth strategy, our plans to recruit more employees, our plans to invest in research and development to enhance our product or service lines, our future business development, results of operations and financial condition, expected changes in our net revenues and certain cost or expense items, our ability to attract and retain customers, trends and competition in the enterprise mobile software application market, and the factors set forth elsewhere in this report, our actual results may differ materially from those anticipated in these forward-looking statements. In light of those risks and uncertainties, there can be no assurance that the forward-looking statements contained in this report will in fact occur. You should not place undue reliance on the forward-looking statements contained in this report.

The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by U.S. federal securities laws, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. Further, the information about our intentions contained in this report is a statement of our intention as of the date of this report and is based upon, among other things, the existing regulatory environment, industry conditions, market conditions and prices and our assumptions as of such date. We may change our intentions, at any time and without notice, based upon any changes in such factors, in our assumptions or otherwise.

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Unless the context otherwise requires, all references to (i) "PRC" and "China" are to the People's Republic of China; (ii) "U.S. dollar," "\$" and "US\$" are to United States dollars; and (iii) "RMB", "Yuan" and Renminbi are to the currency of the PRC or China.

Overview

Luokung Technology was incorporated on October 27, 2009 under the laws of the British Virgin Islands. We are a holding company and conduct our operations through LK Technology Ltd., a British Virgin Islands limited liability company ("LK Technology") and its wholly-owned subsidiaries, MMB Limited and Mobile Media (China) Limited and their respective subsidiaries and a contractually-controlled entity in the PRC named Beijing Zhong Chuan Shi Xun Technology, which hold the rights to deploy Wi-Fi systems on about 700 trains in China, including 290 trains in which Wi-Fi systems have already been installed and are in operation. In May 2010, we consummated an initial public offering of our American Depositary Shares, or ADSs, for gross proceeds of \$16 million, and our ADSs were listed on the NASDAQ Capital Market under the ticker symbol "KONE". Our ordinary shares are not currently listed on any trading market. Our American Depositary Shares ("ADSs") were voluntarily delisted from the NASDAQ Capital Market on September 19, 2018. We have applied to NASDAQ for the listing of our ordinary shares on the NASDAQ Capital Market and received an approval for listing of Ordinary Shares on August 6, 2018, and as of the date of this transition report, that application and approval are currently under review.

On August 17, 2018, we consummated an asset exchange transaction, pursuant to which we exchanged all issued and outstanding capital stock in Topsy Info-Tech Holdings Pte Ltd., the parent of Softech, for the issued and outstanding capital stock of LK Technology (the "Asset Exchange"). In connection with the Asset Exchange, we changed our name on August 20, 2018, and on September 20, 2018, completed the issuance to the shareholders of C Media Limited, the former parent of LK Technology, of (i) 185,412,599 of our ordinary shares, par value \$0.01 per share and (ii) 1,000,000 of our preferred shares. Upon the consummation of the Asset Exchange, we ceased our previous business operations and became a company focused on the provision of Wi-Fi and mobile application products for long distance travelers in China.

On August 25, 2018, LK Technology entered into a Stock Purchase Agreement (the "Agreement") with the shareholders ("Shareholders") of Superengine Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands (the "Superengine"), pursuant to which LK Technology acquired all of the issued and outstanding capital stock of Superengine for an aggregate purchase price of US\$60 million (the "Purchase Price"), which are paid by the issuance of our Ordinary Shares in an amount equal to the quotient of (x) the Purchase Price divided by (y) the average of the closing prices of the Ordinary Shares on the NASDAQ Capital Market over the 12 months period preceding July 31, 2018. We are a party to the Agreement in connection with the issuance of the Ordinary Shares and certain other limited purposes.

Results of operations for the fiscal year ended December 31, 2017 compared to the fiscal year ended December 31, 2016.

Revenue

We provide display-based online advertising services to customers by integrating text description, image and video, and displaying the advertisements in a prominent position of LuoKuang Application. We recognize revenue in accordance with ASC 605, over the contractual term based on the agreements and confirmation letters signed by both parties, commencing on the date the customer's advertisement is displayed on our platform.

For the year ended December 31, 2017, we had revenue of \$26,082,417, as compared to revenue of \$5,233,145 for the year ended December 31, 2016, an increase of \$20,849,272, or 398.4%, which was primarily due to the increase of our advertising clients.

Cost of revenue

Our cost of revenue primarily consists of depreciation, labor cost, Wi-Fi equipment installation fees, data charges, annual payments to local railway bureau, other overhead costs.

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Cost of revenue for the year ended December 31, 2017 was \$5,547,779, representing a decrease of \$767,725 or 12.2% as compared to \$6,315,504 for the year ended December 31, 2016. The decrease was primarily attributable to the decrease in labor cost as a result of our cost control and a decrease in the number of maintenance staff. Additionally, data charges decreased as train passengers prefer using their mobile data, leading to a decrease in 3G and 4G data.

Selling and marketing expense

Our selling and marketing expense mainly include promotional and marketing expenses and compensation for our sales and marketing personnel.

Selling expense totaled \$23,908,733 for the year ended December 31, 2017, as compared to \$6,209,804 for the year ended December 31, 2016, an increase of \$17,698,929 or 285.0%. The increase was primarily attributable to the increase in promotional and marketing activities conducted by the Company.

General and administrative expense

Our general and administrative expenses consist primarily of salaries and benefits for our general and administrative personnel, rent, fees and expenses for legal, accounting and other professional services

General and administrative expense totaled \$2,451,249 for the year ended December 31, 2017, as compared to \$2,108,854 for the year ended December 31, 2016, an increase of \$342,395 or 16.2%.

Research and development expenses.

Research and development expenses primarily consist of salaries and benefits for research and development personnel.

Research and development expenses totaled \$1,046,198 for the year ended December 31, 2017, as compared to \$2,882,202 for the year ended December 31, 2016, a decrease of \$1,836,004 or 63.7%. The decrease was primarily attributable to the Company reduced its expenses in research and development temporarily as our products are quite stable at present.

Loss from operations

As a result of the factors described above, for the year ended December 31, 2017, loss from operations amounted to \$6,871,542, as compared to loss from operations of \$12,283,219 for the year ended December 31, 2016, a decrease of \$5,411,677, or 44.1%.

Other income/expense

Other income/expense mainly include interest income from bank deposits, foreign currency transaction gain, and loss from investment.

Net loss

As a result of the factors described above, our net loss was \$6,810,454 for the year ended December 31, 2017, compared to net loss of \$13,049,031 for the year ended December 31, 2016, a decrease of \$6,238,577 or 47.8%.

Foreign currency translation adjustment

Our reporting currency is the U.S. dollar. The functional currency of our parent company and subsidiaries of Merchant Supreme and Prime Cheer is the U.S. dollar and the functional currency of the Company's subsidiaries incorporated in China is the Chinese Renminbi ("RMB"). The financial statements of our subsidiaries incorporated in China are translated to U.S. dollars using period end rates of exchange for assets and liabilities, and average rates of exchange (for the period) for revenue, costs, and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of operations and comprehensive loss. As a result of foreign currency translations, which are a non-cash adjustment, we reported a foreign currency translation gain of \$90,671 for the year ended December 31, 2017, as compared to a foreign currency translation loss of \$387,375 for the year ended December 31, 2016. This non-cash gain had the effect of increasing/decreasing our reported comprehensive income/loss.

Comprehensive loss

As a result of our foreign currency translation adjustment, we had comprehensive loss for the year ended December 31, 2017 of \$6,719,783, compared to comprehensive loss of \$12,661,656 for the year ended December 31, 2016.

B. LIQUIDITY AND CAPITAL RESOURCES

The information contained in "Item 5. Operating and Financial Review and Prospects – A. Operating Results – Liquidity and Capital Resources" is incorporated herein by reference.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

The discussions of our research and development activities were contained in "Item 4. Information about our Company – B. Business Overview – Research and Development" and "Item 5. Operating and Financial Review and Prospects – A. Operating Results – Operating Expenses – Research and Development Expenses" are incorporated herein by reference. In the years ended December 31, 2017 and 2016, we spent \$1,046,198 and \$2,882,202, respectively, on research and development activities.

D. TREND INFORMATION.

Industry and Market Outlook

China has awarded licenses to mobile phone companies to provide the superfast 4G network to customers. The licenses, which are designed to give mobile phone users faster access to services, were granted by the government to China Mobile, China Unicom Hong Kong and China Telecom. Since the grants, China Mobile has offered 4G to subscribers from December 18, 2013. China Unicom and China Telecom, the country's other two major carriers, also offer 4G wireless. The number of China Mobile 4G customers has exceeded 900 million by the end of October in 2017. The move greatly bolstered business for telecom equipment makers and a range of other companies.

Under China's 12th Five-Year Plan, a key priority is for China to transition from "Made in China" to "Designed in China." In order to achieve this goal, the government plans to heavily invest in science and technology education and R&D so as to further develop China's intellectual property rights system and support "Next-Generation IT" as a Strategic Emerging Industry (SEI). Additionally, China plans to upgrade the technological capabilities of private and public services, including "triple play" services (the convergence of telecom, broadcasting and Internet networks), ecommerce, and e-government and statistics systems. Furthermore, the government plans to invest in R&D of the "Internet of things" and cloud computing, and develop digital and virtual technologies.

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 have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. Furthermore, except for the mortgage referenced above, 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

As of December 31, 2017, we did not have any contractual obligations required to be disclosed in this Item 5.F.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.

A. DIRECTORS AND SENIOR MANAGEMENT.

Executive Officers and Directors

The following table sets forth the names and ages as of the date of this transition report of each of our executive officers and directors:

Name	Age	Position
Xuesong Song	50	Chief Executive Officer, Chairman and Director
Dongpu Zhang	50	President
Jie Yu	34	Chief Financial Officer
Kegang Peng	46	Vice President and Director
Chuang Tao	51	Director
Dennis Galgano (1)(2)	69	Director (Independent)
Jin Shi (1)(2)	49	Director (Independent)
Jiming Ha (1)(3)	56	Director (Independent)
Zhihao Xu (3)	42	Director (Independent)

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating and Corporate Governance Committee.

Set forth below is biographical information concerning our executive officers and directors.

Xuesong Song is a co-founder of C Media Limited and served as its chairman of the board of directors and chief executive officer from 2012 until the consummation of the AEA. From February 2014 through April 2017, Mr. Song served as a director of Seven Stars Cloud Group, Inc. (NASDAQ: SSC) and from January 2013 through February 2015, Mr. Song served as a director of Pingtan Marine Enterprise Ltd. (NASDAQ: PME). From May 2006 through January 2009, Mr. Song served as the Chairman of the Board of ChinaGrowth North Acquisition Corporation, a special purpose acquisition company, which acquired UIB Group Limited in January 2009, in which he remains a director. Mr. Song has been a principal of Chum Capital Group Limited since August 2001, a merchant banking firm that invests in growth Chinese companies and advises them in financings, mergers & acquisitions and restructurings, and chief executive officer of Beijing Chum Investment Co., Ltd. since December 2001. Mr. Song has been a director of Mobile Vision Communication Ltd. since July 2004. Mr. Song received a Master's of Business Administration degree from Oklahoma City/Tianjin Program.

Dongpu Zhang was appointed as the President of the Company effective on August 25, 2018. Mr. Dongpu Zhang has served as the General Manager of SuperEngine Graphics Software Technology Development (Suzhou) Co., Ltd. ("SuperEngine Suzou") and the Chief Executive Officer of SuperEngine Holding Limited since September 2016. From February, 2014 to August, 2016, Mr. Zhang served as vice president of Industrial Development Group under China Fortune Land Development Co., Ltd. From March, 2009 to February, 2014, Mr. Zhang served as the vice president of Aerospace Science and Technology Holding Group Co., Ltd. Mr. Zhang receive his Master Degree of Computer Science from Harbin Institute of Technology in 1994 and his Bachelor Degree of information system from Changsha Institute of technology in 1991.

Jie Yu served as the chief financial officer of C Media Limited from January 2018 until the consummation of the asset exchange transactions. From June 2016 to January 2018, Mr. Yu served as chief financial officer and secretary of the board of directors of MTI Environment Group Limited. Prior to joining MTI, Mr. Yu served as the senior manager at DA HUA CPA from November 2012 to May 2016. Previously, Mr. Yu served as the manager at Crowe Horwath (Hong Kong) CPA. Mr. Yu holds a bachelor degree in accounting and finance from University of Auckland and postgraduate diploma in accounting from University of Auckland.

Kegang Peng served as the Vice Chairman of the board of directors C Media Limited from October 2014 to the consummation of the asset exchange transactions, and is now a member of the Company's board of directors. Previously, from 2012 to 2014, Mr. Peng was chairman of the board and founder of Jiangsu Suqian Jinghaiboyuan Information and Technology Co., Ltd. Mr. Peng studied at Beijing University of Aeronautics and Astronautics majoring computer and application.

Chuang (Vincent) Tao was appointed as a member of the Board effective on August 25, 2018. Dr. Tao was the Chairman of SuperEngine Suzhou from 2014 to 2017. Dr. Tao has been the president of the Seasky Angel Investment Alliance of Shanghai since 2015. Dr. Tao received his Bachelor Degree of geographic information and telemetry from Wuhan University in China in 1990 and received his Ph.D. from University of Calgary, Canada in 1997.

Dennis Galgano was appointed as a director of the Company following the consummation of the asset exchange agreement. He was a registered consultant with Morgan Joseph Triartisan LLC from November 2016 until October 2017, and previously served as vice chairman and head of international investment banking for Morgan Joseph Triartisan LLC, which is a registered broker dealer engaged in the investment banking and financial advisory industry. Mr. Galgano received a B.S. degree in Chemistry from St. John's University and an M.B.A. from The Wharton School in 1972.

Jin Shi was appointed as a director of the Company following the consummation of the asset exchange transactions. Mr. Shi has served as the managing partner of Chum Capital Group, a merchant bank focused on helping Chinese growth companies to access global capital, since January 2013. Mr. Shi has also served as a director of Seven Stars Cloud Group, Inc. (NASDAQ: SSC), a premium video on demand service provider, since January 2014, and joined the audit committee of its board of directors in March 2016. He also served as a director and member of the audit committee of Pingtan Marine Enterprise, Ltd. (NASDAQ: PME), a marine enterprise group primarily engaged in ocean fishing through its subsidiaries. Mr. Shi received an EMBA degree from the Guanghua Management School of Beijing University, and a Bachelor's degree of science in Chemical Engineering from Tianjin University.

Jiming Ha was appointed as a director of the Company following the consummation of the asset exchange agreement, and has also served as a senior research fellow for the China Finance 40 Forum since March 1, 2018, and previously served as a managing director of Goldman Sachs from January 2017 to April 2017. Mr. Ha served as a vice chairman and chief investment strategist of the Investment Strategy Group for Private Wealth Management at Goldman Sachs from 2010 to January 2017. Mr. Ha holds a PhD in Economics from the University of Kansas and Master's and Bachelor's degrees of science from Fudan University.

Zhihao Xu was appointed as a director of the Company following the consummation of the asset exchange transactions. Mr. Xu has served as the chief executive officer of Geely Group Co., Ltd., in Hangzhou, China, since December 2017, and previously served as the chairman and chief executive officer of Beijing Dingchengrenhe Investment Co., Ltd., a funds management company, from January 2017 to December 2017. Mr. Xu served as the chairman of president of HNA USOLV CO., LTD., and the chief innovation officer of HNA Logistics Group from January 2014 to December 2016, and prior to that as the chairman of Gopay Innovation Technology Co. Ltd., an online payment system operator supporting online money transfers, from April 2012 to January 2014. Mr. Xu graduated from the Business School of Renmin University of China and from the Wudaokou Finance College of Tsinghua University with a fund qualification certificate and securities

B. COMPENSATION.

Compensation of Directors and Executive Officers

For the nine-month transition period ended September 30, 2018 and the fiscal year ended December 31, 2017, we did not pay any cash compensation to our executive officers of LK Technology Ltd. and a to our directors for serving on our board of directors of LK Technology Ltd.

Other than non-employee directors, we do not intend to compensate directors for serving on our board of directors or any of its committees. We do, however, intend to reimburse each member of our board of directors for out-of-pocket expenses incurred by each director in connection with attending meetings of the board of directors and its committees.

Administration

The Incentive Plan is administered by our board of directors, or at the discretion of the board, by our compensation committee. Our board of directors has delegated authority to our compensation committee to administer the Incentive Plan. Subject to the terms of the Incentive Plan, the compensation committee may select participants to receive awards, determine the types of awards and terms and conditions of awards, and interpret provisions of the Incentive Plan.

The ordinary shares issued or to be issued under the Incentive Plan consist of authorized but unissued shares. If any ordinary shares covered by an award are not purchased or are forfeited, or if an award otherwise terminates without delivery of any ordinary shares, then the number of ordinary shares counted against the aggregate number of ordinary shares available under the plan with respect to the award will, to the extent of any such forfeiture or termination, again be available for making awards under the Incentive Plan.

Eligibility

Awards may be made under the Incentive Plan to our employees, officers, directors, consultants or advisers or to any of our affiliates, and to any other individual whose participation in the Incentive Plan is determined to be in our best interests by our board of directors.

Amendment or Termination of the Plan

Our board of directors may terminate or amend the Incentive Plan at any time and for any reason. No amendment, however, may adversely impair the rights of grantees with respect to outstanding awards. The Incentive Plan has a term of ten years. Amendments will be submitted for shareholder approval to the extent required by applicable stock exchange listing requirements or other applicable laws.

Options

The Incentive Plan permits the granting of options to purchase ordinary shares intended to qualify as incentive share options under the Internal Revenue Code and share options that do not qualify as incentive share options, or non-qualified share options.

The exercise price of each share option may not be less than 100% of the fair market value of our ADSs representing ordinary shares on the date of grant. In the case of certain 10% shareholders who receive incentive share options, the exercise price may not be less than 110% of the fair market value of our ADSs representing ordinary shares on the date of grant. An exception to these requirements is made for options that we grant in substitution for options held by employees of companies that we acquire. In such a case the exercise price is adjusted to preserve the economic value of the employee's share option from his or her former employer.

The term of each share option is fixed by the compensation committee and may not exceed ten years from the date of grant. The compensation committee determines at what time or times each option may be exercised and the period of time, if any, after retirement, death, disability or termination of employment during which options may be exercised.

Options may be made exercisable in installments. The award agreement provides the vesting of the options. Exercisability of options may be accelerated by the compensation committee.

In general, an optionee may pay the exercise price of an option by (1) cash or check (in U.S. dollars or Renminbi or other local currency as approved by the compensation committee), (2) ordinary shares held for such period of time as may be required by the compensation committee, (3) delivery of a notice of a market order with a broker with respect to ordinary shares then issuable upon exercise of an option, and that the broker has been directed to pay us a sufficient portion of net proceeds of the sale in satisfaction of the exercise price, provided that payment of such proceeds is then made to us upon settlement of such sale, (4) other property acceptable to the compensation committee with a fair market value equal to the exercise price, (5) cashless exercise or (6) any combination of the foregoing.

Share options granted under the Incentive Plan may not be sold, transferred, pledged, or assigned other than by will or under applicable laws of descent and distribution. However, we may permit limited transfers of non-qualified options for the benefit of immediate family members of grantees to help with estate planning concerns or pursuant to a domestic relations order in settlement of marital property rights.

Other Awards

The compensation committee may also award under the Incentive Plan:

1. ordinary shares subject to restrictions;
2. deferred ordinary shares, credited as deferred ordinary share units, but ultimately payable in the form of unrestricted ordinary shares in accordance with the terms of the grant or with the participant's deferral election;
3. ordinary share units subject to restrictions;
4. unrestricted ordinary shares, which are ordinary shares issued at no cost or for a purchase price determined by the compensation committee which are free from any restrictions under the 2011 Omnibus Incentive Plan;
5. dividend equivalent rights entitling the grantee to receive credits for dividends that would be paid if the grantee had held a specified number of ordinary shares; or

6. a right to receive a number of ordinary shares or, in the discretion of the compensation committee, an amount in cash or a combination of ordinary shares and cash, based on the increase in the fair market value of the ADSs representing ordinary shares underlying the right during a stated period specified by the compensation committee.

Effect of Certain Corporate Transactions

Certain change of control transactions involving us may cause awards granted under the Incentive Plan to vest, unless the awards are continued or substituted for by the surviving company in connection with the corporate transaction.

Unless otherwise provided in the appropriate option agreement on the date of grant or provided by our board of directors thereafter with the consent of the grantee, options granted under the Incentive Plan become exercisable in full following (1) a dissolution of our company or a merger, consolidation or reorganization of our company with one or more other entities in which we are not the surviving entity, (2) a sale of substantially all of our assets to another person or entity, or (3) any transaction (including without limitation a merger or reorganization in which we are the surviving entity) which results in any person or entity owning 50% or more of the combined voting power of all classes of our shares.

Adjustments for Dividends and Similar Events

The compensation committee will make appropriate adjustments in outstanding awards and the number of ordinary shares available for issuance under the Incentive Plan, including the individual limitations on awards, to reflect ordinary share dividends, stock splits and other similar events.

C. BOARD PRACTICES.

Board of Directors

Our board of directors consists of six members being Messrs. Xuesong Song, Kegang Peng, Dennis Galgano, Jin Shi, Jiming Ha and Zhihao Xu. Our directors hold office until our annual meeting of shareholders, where their successors will be duly elected and qualified, or until the directors' death, resignation or removal, whichever is earlier. Our directors are not subject to a term of office and hold office until their resignation, death or incapacity or until their respective successors have been elected and qualified in accordance with our fourth amended and restated memorandum of association and articles of association. A director will be removed from office if, among other things, the director (1) becomes bankrupt, (2) dies or becomes of unsound mind, or (3) is absent from meetings of our board of directors for six consecutive months without leave and our board of directors resolves that the office is vacated. A director is not entitled to any special benefits upon termination of service with the company.

Director Independence

Our board of directors consists of six members; Messrs. Dennis Galgano, Jin Shi, Jiming Ha and Zhihao Xu have been determined by us to be independent directors within the meaning of the independent director guidelines of the NASDAQ Corporate Governance Rules (the "NASDAQ Rules").

Committees of Our Board of Directors

To enhance our corporate governance, we established three committees under our board of directors: an audit committee, a compensation committee, and a nominating and corporate governance committee. We have adopted a charter for each of these committees. The committees have the following functions and members.

Audit Committee

Our audit committee reports to our board of directors regarding the appointment of our independent public accountants, the scope and results of our annual audits, compliance with our accounting and financial policies and management's procedures and policies relating to the adequacy of our internal accounting controls. Our audit committee consists of Messrs. Dennis Galgano, Jin Shi, and Jiming Ha. Mr. Galgano, having accounting and financial management expertise, serves as the chairman of the audit committee and is an "audit committee financial expert" as defined by the rules and regulations of the SEC. Our board of directors has determined that each of these persons meet the definition of an "independent director" under the applicable NASDAQ Rules and under Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Our audit committee is responsible for, among other things:

- the appointment, evaluation, compensation, oversight and termination of the work of our independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting);
- an annual performance evaluation of the audit committee;
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing matters or potential violations of law, and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters or potential violations of law;

- ensuring that it receives an transition report from our independent auditor describing our internal control procedures and any steps taken to deal with material control deficiencies and attesting to the auditor's independence and describing all relationships between the auditor and us;
- reviewing our annual audited financial statements and quarterly financial statements with management and our independent auditor;
- reviewing and approving all proposed related party transactions;
- reviewing our policies with respect to risk assessment and risk management;
- meeting separately and periodically with management and our independent auditor; and
- reporting regularly to our board of directors.

Compensation Committee

Our compensation committee assists the board of directors in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. In addition, the compensation committee reviews share compensation arrangements for all of our other employees. Members of the compensation committee are not prohibited from direct involvement in determining their own compensation. Our chief executive officer is not permitted to be present at any committee meeting during which his or her compensation is deliberated. Our compensation committee consists of Dennis Galgano and Jin Shi, with Mr. Shi serving as the chairman of the compensation committee. Our board of directors has determined that each of these persons meet the definition of “independent director” under the applicable requirements of the NASDAQ Rules.

Our compensation committee is responsible for, among other things:

- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives and setting the compensation level of our chief executive officer based on this evaluation;
- reviewing and making recommendations to the board with respect to the compensation of our executives, incentive compensation and equity-based plans that are subject to board approval; and
- providing annual performance evaluations of the compensation committee.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee assists the board of directors in identifying and selecting or recommending individuals qualified to become our directors, developing and recommending corporate governance principles and overseeing the evaluation of our board of directors and management. Our nominating and corporate governance committee consists of Jiming Ha and Zhihao Xue, with Mr. Ha serving as the chairman of the nominating and corporate governance committee. Our board of directors has determined that each of these persons meet the definition of “independent director” under the applicable requirements of the NASDAQ Rules.

Our nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to our board nominees for election or re-election to our board, or for appointment to fill any vacancy;
- reviewing annually with our board the current composition of the board of directors with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- selecting and recommending to our board the names of directors to serve as members of the audit committee and the compensation committee, as well as the nominating and corporate governance committee itself; advising our board of directors periodically with regards 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 our board of directors on all matters of corporate governance and on any remedial 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.

Code of Business Conduct and Ethics

Our board of directors adopted a code of business conduct and ethics applicable to our directors, officers and employees.

Duties of Directors

Under British Virgin Islands law, our directors have a duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum of association and articles of association. We have the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- appointing officers and determining the term of office of the officers;
- authorizing the payment of donations to religious, charitable, public or other bodies, clubs, funds or associations as deemed advisable;
- exercising the borrowing powers of the company and mortgaging the property of the company;
- executing cheques, promissory notes and other negotiable instruments on behalf of the company; and
- maintaining or registering a register of mortgages, charges or other encumbrances of the company.

Remuneration and Borrowing

The directors may receive such remuneration as our board of directors may determine from time to time. Each director is entitled to be repaid or prepaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred in attending meetings of our board of directors or committees of our board of directors or shareholder meetings or otherwise in connection with the discharge of his or her duties as a director. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors.

Our board of directors may exercise all the powers of the company to borrow money and to mortgage or charge our undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party.

Qualification

A director is not required to hold shares as a qualification to office.

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

Under our memorandum of association and articles of association, we may indemnify our directors, officers and liquidators against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with civil, criminal, administrative or investigative proceedings to which they are party or are threatened to be made a party by reason of their acting as our director, officer or liquidator. To be entitled to indemnification, these persons must have acted honestly and in good faith with a view to the best interest of the company and, in the case of criminal proceedings, they must have had no reasonable cause to believe their conduct was unlawful.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Employment Agreements

On August 19, 2018, the Company entered into an Employment Agreement (the "Song Agreement") with Mr. Xuesong Song, to serve as the Chief Executive Officer of the Company for a four-year term, subject to renewal. Under the terms of the Song Agreement, Mr. Song will receive no salary for his services but will be eligible for an annual cash bonus in the Board's sole discretion.

On August 19, 2018, the Company entered into an Employment Agreement (the "Yu Agreement") with Mr. Jie Yu, to serve as the Chief Financial Officer of the Company for a four-year term, subject to renewal. Under the terms of the Yu Agreement, Mr. Yu will receive an annual salary of RMB700,000, and will be eligible for an annual cash bonus in the Board's sole discretion.

D. EMPLOYEES.

As of September 30, 2018 and December 31, 2017, we had a total of 107 and 37 full-time employees, including 48 and 13 in research and development, 9 and 2 in sales and marketing and the rest in a variety of other divisions, respectively. All of our employees are full-time employees. None of our employees is currently represented by a union and/or collective bargaining agreements. We believe that we have good relations with our employees and since our inception we have had no history of work stoppages or union organizing campaigns.

E. SHARE OWNERSHIP.

The following table provides information as to the beneficial ownership of our ordinary shares as of October 10, 2018, by the persons listed. Beneficial ownership of shares is determined under the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. For purposes of the following table, a person is deemed to have beneficial ownership of any ordinary shares if such person has the right to acquire such shares within 60 days of October 10, 2018. For purposes of computing the percentage of outstanding shares held by each person, any shares that such person has the right to acquire within 60 days after of October 10, 2018 are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Except as otherwise noted, the persons named in the table have sole voting and investment power with respect to all of the ordinary shares beneficially owned by them. Unless otherwise indicated, the address of each person listed is c/o Luokung Technologies, LAB 32, SOHO 3Q, No 9, Guanghua Road, Chaoyang District, Beijing, People's Republic of China.

Percentage ownership in the following table is based on 199,317,558 ordinary shares outstanding on October 10, 2018.

	<u>Number of shares</u>	<u>Percent of class</u>
<i>Directors and named executive officers</i>		
Charm Dragon International Limited (1)	4,030,882	2.03%
Xuesong Song, Chairman, Chief Executive Officer and Director(2)	38,156,430	19.30%
Kegang Peng, Vice President and Director (3)	17,231,955	8.71%
Dennis Galgano, Director	75,796	*%
Jin Shi, Director	-	-
Jiming Ha, Director	-	-
Zhihao Xu, Director (4)	7,579,184	3.83%
Dongpu Zhang, President (5)	2,321,792	1.17%
Chuang Tao, Director (6)	1,221,996	*%
Directors and executive officers as a group (10 persons)	66,587,152	33.69%

- (1) Charm Dragon International Limited is a British Virgin Islands company controlled by Mr. Xuesong Song.
 - (2) Consists of (i) 4,030,882 shares owned directly by Charm Dragon International Limited, a British Virgin Islands company and (ii) 22,624,793 shares owned directly by Bravo First Development Limited, a British Virgin Islands company. Mr. Xuesong Song is the controlling shareholder of Bravo First Development Limited. Mr. Xuesong Song is the sole director of Charm Dragon International Limited.
 - (3) Consists of 17,231,955 shares owned directly by Plenty Prestige Enterprises Limited, a British Virgin Islands company. Mr. Kegang Peng is the sole director of Plenty Prestige Enterprises Limited.
 - (4) Consists of 7,579,184 shares directly owned by Geely Group Limited., a Chinese company. Mr. Zhihao Xu is the Chief Executive Officer of Geely Group Limited.
 - (5) Consists of 2,321,792 shares owned directly by Genoa Peak Limited, a British Virgin Islands company. Mr. Dongpu Zhang controls Genoa Peak Limited.
 - (6) Consists of 1,221,996 shares owned directly by Globearth Holdings Limited, a British Virgin Islands company. Mr. Chuang Tao controls Globearth Holdings Limited.
- * Represents less than 1% of shares outstanding

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.

A. MAJOR SHAREHOLDERS

Please refer to Item 6.E "Directors, Senior Management and Employees — Share Ownership."

To our knowledge, (A) we are not directly or indirectly owned or controlled by (i) another corporation or (ii) any foreign government and (B) there are no arrangements (including any announced or expected takeover bid), the operation of which may at a subsequent date result in a change in our control.

The voting rights of our major shareholders do not differ from the voting rights of other holders of the same class of shares.

B. RELATED PARTY TRANSACTIONS. BUSINESS RELATIONSHIPS.

Our subsidiaries, consolidated affiliated entities, and the subsidiaries of the consolidated affiliated entities have engaged, during the ordinary course of business, in a number of customary transactions with each other. All of these inter-company balances have been eliminated in consolidation.

As of December 31, 2017, we had amounts due from related parties, C Media Limited and Ya Tuo Ji International Consultancy (Beijing) Limited, in the amounts of \$11.8 million and \$0.2 million, respectively. These amounts due from related parties are short term in nature, non-interest bearing, unsecured and repayable on demand.

As of December 31, 2017, we had amounts due to related parties, Mr. Xuesong Song, our chairman and chief executive officer, Thumb Beijing Branch and Thumb Shenzhen Branch, in the amounts of \$2.9 million, \$0.6 million and \$0.03 million, respectively. These amounts due to related parties are short term in nature, non-interest bearing, unsecured and payable on demand.

We are party to a series of control agreements with Beijing Zhong Chuan Shi Xun. In addition, our chief executive officer, Mr. Xuesong Song, serves as and officer of Beijing Zhong Chuan Shi Xun and is a shareholder of Beijing Zhong Chuan Shi Xun. The following table sets forth the relationship of Mr. Song with Beijing Zhong Chuan Shi Xun:

Name	Relationship with Luokung Technology	Relationship with Beijing Zhong Chuan Shi Xun	Percentage Ownership Interest in Beijing Zhong Chuan Shi Xun
Xuesong Song	Chief Executive Officer	Chief Executive Officer	61.83%

C. INTERESTS OF EXPERTS AND COUNSEL.

None.

ITEM 8. FINANCIAL INFORMATION.

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION.

See "Item 18. Financial Statements."

Legal Proceedings

To our knowledge, other than as described below there are no material legal proceedings threatened against us. From time to time, we may be subject to various claims and legal actions arising in the ordinary course of business. Following the consummation of the AEA, we became successor in interest to the legal proceedings described below.

Litigation with Shanghai Fusheng Weier Intelligent Control Technology Co., Ltd.

On January 22, 2016, Zhong Chuan Rui You and Shanghai Fusheng Weier Intelligent Control Technology Co., Ltd. ("Fusheng Weier") signed a contract for equipment of \$1,652,842 (RMB10,800,000). Since Zhong Chuan Rui You did not make the payments of \$1,126,381 (RMB7,360,000) on the due dates, Fusheng Weier filed a lawsuit against Zhong Chuan Rui You in Shanghai Xuhui District People's Court on October 8, 2016. On March 9, 2017, Xuhui District People's Court issued the verdict requiring Zhong Chuan Rui You to pay the overdue debts. In August 2017, C Media Limited made the payment of \$512,075 (RMB3,346,000). The remaining balance has been accrued in accounts payable. The payment schedule for the remaining balance is being negotiated by the two parties. On February 5, 2018, a hearing was held adding Zhong Chuan Shi Xun as a defendant. The Group plans to settle the remaining balance within one year.

Lawsuit with Gansu Jinlun Culture Media Co., Ltd.

On August 22, 2014, Zhong Chuan Rui You and Gansu Jinlun Culture Media Co., Ltd. ("Gansu Jinlun") signed a "Lanzhou Railway Bureau Air-conditioned Train Wi-Fi Network System Advertising Operation Rights Agreement" for advertising on 72 trains of \$1,467,880 (RMB9,604,633). Due to the dispute on the project implementation, Zhong Chuan Rui You did not pay the advertising fee. On August 23, 2017, Gansu Jinlun filed a lawsuit with Gansu Intermediate People's Court. On December 19, 2017, Gansu Intermediate People's Court issued a verdict, ruling that Zhong Chuan Rui You settle the overdue advertising fee. Since only 18 out of 72 trains have been installed with Wifi network system, Zhong Chuan Rui You disputed and appealed to the verdict. The next court trial date has not yet been determined.

C Media and Gansu Jinlun are negotiating a potential settlement to resume the contract. According to the legal counsel, it is probable that the settlement will amount to approximately \$459,000 (RMB3,000,000); therefore, this amount has been accrued in accounts payable as at December 31, 2017.

Litigation with Shenzhen Hua Xun Fang Zhou Technology Co., Ltd.

On June 16, 2015, Zhong Chuan Rui You signed a cooperation agreement with Shenzhen Hua Xun Fang Zhou Technology Co., Ltd. ("Shenzhen Hua Xun") and Xuesong Song, a major shareholder of C Media Limited. Pursuant to this agreement, Zhong Chuan Rui You procures equipment from Shenzhen Hua Xun. Xuesong Song acts as a joint liability guarantor for the entire debts of Zhong Chuan Rui You under this agreement. As Zhong Chuan Rui You did not make the payments on the due dates, Shenzhen Hua Xun filed a lawsuit with Shenzhen Baoan District People's Court on May 31, 2016. On November 1, 2016, Zhong Chuan Rui You, Xuesong Song and Shenzhen Hua Xun reached a settlement in Shenzhen Baoan District People's Court to settle \$1,735,389 (RMB11,355,000) in four instalments. On December 30, 2017, the debt was assigned to C Media Limited.

Dividend Policy

We currently intend to retain all of our available funds and future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Under the terms of our Amended and Restated Memorandum and Articles of Association the declaration and payment of any dividends in the future will be determined by our board of directors, in its discretion, and will depend on a number of factors, including our earnings,

capital requirements and overall financial condition and our ability to receive dividends from our subsidiaries. If we pay any dividends, we will pay our ADS holders' dividends with respect to their underlying shares 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. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

Our ability to receive dividends from our subsidiaries may limit our ability to pay dividends on our ordinary shares. See Risk Factors – Risks Related to Doing Business in China – Our holding company structure may limit the payment of dividends” and “Item 10. Additional Information – D. Exchange Controls – Dividend Distribution”.

B. SIGNIFICANT CHANGES.

N/A

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS.

Markets and Share Price History

Our ordinary shares are not currently listed on any trading market. Our American Depositary Shares (“ADSs”) were voluntarily delisted from the NASDAQ Capital Market on September 19, 2018. We have applied to NASDAQ for the listing of our ordinary shares on the NASDAQ Capital Market and received an approval for listing of Ordinary Shares on August 6, 2018, and as of the date of this transition report, that application and approval are currently under review.

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The table below sets forth the high and low reported sales prices in dollars of our ordinary shares, which are represented by ADSs, as reported by NASDAQ in the periods as indicated:

	ADS	
	High	Low
<i>Annual Highs and Lows (as of the fiscal year end 09/30 for the five most recent full financial years)*</i>		
2017	5.59	2.67
2016	10.2	1.62
<i>Quarterly Highs and Lows (for the two most recent full financial years and any subsequent period, based on calendar quarter end)*</i>		
<i>2018</i>		
Third Quarter	8.00	6.30
Second Quarter	8.82	4.25
First Quarter	6.40	3.70
<i>2017</i>		
Fourth Quarter	5.59	2.91
Third Quarter	3.99	2.67
Second Quarter	4.06	3.07
First Quarter	5.15	2.83
<i>2016</i>		
Fourth Quarter	6.59	4.20
Third Quarter	10.20	1.62
Second Quarter	3.10	1.97
First Quarter	3.60	2.12
<i>Monthly Highs and Lows (for the most recent six months)</i>		
September 2018	8.00	6.41
August 2018	7.70	6.63
July 2018	7.50	6.30
June 2018	8.82	7.55
May 2018	7.80	5.92
April 2018	7.45	4.25

* The Company effected a 1-for-10 reverse stock split of its ordinary shares on November 6, 2012 (the “Reverse Split”). The ratio between each American Depositary Share (“ADS”) and its underlying ordinary share post-Reverse Split remains the same, namely, one ADR remains to represent one ordinary share post the Reverse Split. The price listed here after November 6, 2012 reflected the effect from the Reverse Split.

B. PLAN OF DISTRIBUTION.

Not Applicable.

C. MARKETS.

Our ordinary shares are not currently listed on any trading market. Our ADSs were voluntarily delisted from the NASDAQ Capital Market on September 19, 2018. We have applied to NASDAQ for the listing of our ordinary shares on the NASDAQ Capital Market and received an approval for listing of Ordinary Shares on August 6, 2018, and as of the date of this transition report, that application and approval are currently under review.

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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 British Virgin Islands company incorporated with limited liability and our affairs are governed by the provisions of our memorandum of association and articles of association, as amended and restated from time to time, and by the provisions of applicable British Virgin Islands law.

Our memorandum of association and articles of association authorize the issuance of up to 251,000,000 shares, which are designated into (i) 250,000,000 of ordinary shares of the Company (“**Ordinary Shares**”), and (ii) 1,000,000 preferred shares of the Company (“**Preferred Shares**”), in each case with the rights, preferences and privileges as set out in the memorandum and articles of association of the Company.

Please see below for a description of our ADSs under “Item 12. Description of Securities Other Than Equity Securities – D. American Depository Shares.”

The following is a summary of the material provisions of our ordinary shares and our memorandum of association and articles of association.

Ordinary Shares

All of our issued and outstanding ordinary shares are fully paid and non-assessable. Holders of our ordinary shares who are non-residents of the British Virgin Islands may freely hold and vote their shares.

Subject to the memorandum and articles of association (and, for greater clarity, without prejudice to any special rights conferred thereby on the holders of any other shares), an Ordinary Share of the Company confers on the holder:

- (a) the right to one vote per Ordinary Share at a meeting of the members or on any resolution of members;
- (b) the right to an equal share in any distribution paid by the Company; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company on a winding up;

Subject to the memorandum and articles of association (and, for greater clarity, without prejudice to any special rights conferred thereby on the holders of any other shares), a Preferred Share of the Company confers on the holder:

- (a) the right to 399 votes per Preferred Share at a meeting of the members or on any resolution of members;
- (b) the right to an equal share in any distribution paid by the Company;
- (c) the right to an equal share in the distribution of the surplus assets of the Company on a winding up;
- (d) be freely transferable, in whole or in part, by Mr. Xuesong Song to any third party through one or more Private Transactions, subject to Applicable Law; and
- (e) be freely transferable, in whole or in part, by Mr. Xuesong Song to any third party through one or more Public Transactions, subject to Applicable Law and Automatic Conversion of such Preferred Share(s) into Ordinary Share(s).

Each Preferred Share shall be automatically converted at any time after issue and without the payment of any additional sum into an equal number of fully paid Ordinary Shares upon the conclusion of any transfer by Mr. Xuesong Song to any third party through one or more Public Transactions.

Limitation on Liability and Indemnification Matters

Under British Virgin Islands law, each of our directors and officers, in performing his or her functions, is required to act honestly and in good faith with a view to our best interests and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Our memorandum of association and articles of association provide that, to the fullest extent permitted by British Virgin Islands law or any other applicable laws, our directors will not be personally liable to us or our shareholders for any acts or omissions in the performance of their duties. Such limitation of liability does not affect the availability of equitable remedies such as injunctive relief or rescission. These provisions will not limit the liability of directors under United States federal securities laws.

We may indemnify any of our directors or anyone serving at our request as a director of another entity against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings. We may only indemnify a director if he or she acted honestly and in good faith with the view to our best interests and, in the case of criminal proceedings, the director had no reasonable cause to believe that his or her conduct was unlawful. The decision of our board of directors as to whether the director acted honestly and in good faith with a view to our best interests and as to whether the director had no reasonable cause to believe that his or her conduct was unlawful, is in the absence of fraud sufficient for the purposes of indemnification, unless a question of law is involved. The termination of any proceedings by any judgment, order, settlement, conviction or the entry of no plea does not, by itself, create a presumption that a director did not act honestly and in good faith and with a view to our best interests or that the director had reasonable cause to believe that his or her conduct was unlawful. If a director to be indemnified has been successful in defense of any proceedings referred to above, the director is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the director or officer in connection with the proceedings.

We may purchase and maintain insurance in relation to any of our directors or officers against any liability asserted against the directors or officers and incurred by the directors or officers in that capacity, whether or not we have or would have had the power to indemnify the directors or officers against the liability as provided in our memorandum of association and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for our directors or officers under the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

Differences in Corporate Law

We were incorporated under, and are governed by, the laws of the British Virgin Islands. The corporate statutes of the State of Delaware and the British Virgin Islands are similar, and the flexibility available under British Virgin Islands law has enabled us to adopt memorandum of association and articles of association that will provide shareholders with rights that do not vary in any material respect from those they would enjoy if we were incorporated under the Delaware General Corporation Law, or Delaware corporate law. Set forth below is a summary of some of the differences between provisions of the BVI Act applicable to us and the laws application to companies incorporated in Delaware and their shareholders.

Director's Fiduciary Duties

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

British Virgin Islands law provides that every director of a British Virgin Islands company in exercising his powers or performing his duties shall act honestly and in good faith and in what the director believes to be in the best interests of the company. Additionally, the director shall exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances taking into account the nature of the company, the nature of the decision and the position of the director and his responsibilities. In addition, British Virgin Islands law provides that a director shall exercise his powers as a director for a proper purpose and shall not act, or agree to the company acting, in a manner that contravenes British Virgin Islands law or the memorandum association or articles of association of the company.

Amendment of Governing Documents

Under Delaware corporate law, with very limited exceptions, a vote of the stockholders is required to amend the certificate of incorporation. Under British Virgin Islands law and our memorandum of association and articles of association, (i) our shareholders may amend our memorandum of association and articles of association by a resolution of shareholders, or (ii) our board of directors may amend our memorandum of association and articles of association by a resolution of directors without a requirement for a resolution of shareholders so long as the amendment does not:

- restrict the rights of the shareholders to amend the memorandum of association and articles of association;
- change the percentage of shareholders required to pass a resolution of shareholders to amend the memorandum of association and articles of association;
- amend the memorandum of association and articles of association in circumstances where the memorandum of association and articles of association cannot be amended by the shareholders; or
- amend the provisions of memorandum of association or the articles of association pertaining to "rights attaching to shares," "rights not varied by the issue of the shares *pari passu*," "variation of rights" and "amendment of memorandum and articles".

Written Consent of Directors

Under Delaware corporate law, directors may act by written consent only on the basis of a unanimous vote. Under British Virgin Islands law, directors' consents need only a majority of directors signing to take effect.

Written Consent of Shareholders

Under Delaware corporate law, unless otherwise provided in the certificate of incorporation, any action to be taken at any annual or special meeting of stockholders of a corporation, may be taken by written consent of the holders of outstanding stock having not less than the minimum number of votes that would be necessary to take such action at a meeting. As permitted by British Virgin Islands law, shareholders' consents need only a majority of shareholders signing to take effect. Our memorandum of association and articles of association provide that shareholders may approve corporate matters by way of a resolution consented to at a meeting of shareholders or in writing by a majority of shareholders entitled to vote thereon.

Shareholder Proposals

Under Delaware corporate law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings. British Virgin Islands law and our memorandum of association and articles of association provide that our directors shall call a meeting of the shareholders if requested in writing to do so by shareholders entitled to exercise at least 30% of the voting rights in respect of the matter for which the meeting is requested.

Sale of Assets

Under Delaware corporate law, a vote of the stockholders is required to approve the sale of assets only when all or substantially all assets are being sold. In the British Virgin Islands, shareholder approval is required when more than 50% of the company's total assets by value are being disposed of or sold.

Dissolution; Winding Up

Under Delaware corporate law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware corporate law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. As permitted by British Virgin Islands law and our memorandum of association and articles of association, we may be voluntarily liquidated under Part XII of the BVI Act by resolution of directors and resolution of shareholders if we have no liabilities and we

Redemption of Shares

Under Delaware corporate law, any stock may be made subject to redemption by the corporation at its option or at the option of the holders of such stock provided there remains outstanding shares with full voting power. Such stock may be made redeemable for cash, property or rights, as specified in the certificate of incorporation or in the resolution of the board of directors providing for the issue of such stock. As permitted by British Virgin Islands law, and our memorandum of association and articles of association, shares may be repurchased, redeemed or otherwise acquired by us. Our directors must determine that immediately following the redemption or repurchase we will be able to satisfy our debts as they fall due and the value of our assets exceeds our liabilities.

Variation of Rights of Shares

Under Delaware corporate law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. As permitted by British Virgin Islands law, and our memorandum of association and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the consent in writing of holders of not less than three-fourths of the issued shares of that class and holders of not less than three-fourths of the issued shares of any other class of shares which may be affected by the variation.

Removal of Directors

Under Delaware corporate law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate provides otherwise. As permitted by British Virgin Islands law and our memorandum of association and articles of association, directors may be removed by resolution of directors or resolution of shareholders.

Mergers

Under the BVI Act, two or more companies may merge or consolidate in accordance with the statutory provisions. A merger means the merging of two or more constituent companies into one of the constituent companies, and a consolidation means the uniting of two or more constituent companies into a new company. In order to merger or consolidate, the directors of each constituent company must approve a written plan of merger or consolidation which must be authorized by a resolution of shareholders.

Shareholders not otherwise entitled to vote on the merger or consolidation may still acquire the right to vote if the plan of merger or consolidation contains any provision which, if proposed as an amendment to the memorandum association or articles of association, would entitle them to vote as a class or series on the proposed amendment. In any event, all shareholders must be given a copy of the plan of merger or consolidation irrespective of whether they are entitled to vote at the meeting or consent to the written resolution to approve the plan of merger or consolidation.

Inspection of Books and Records

Under Delaware corporate law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records. Holders of our shares have no general right under British Virgin Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide holders of our shares with annual audited financial statements. See "Where You Can Find Additional Information."

Conflict of Interest

The BVI Act provides that a director shall, after becoming aware that he is interested in a transaction entered into or to be entered into by the company, disclose that interest to the board of directors of the company. The failure of a director to disclose that interest does not affect the validity of a transaction entered into by the director or the company, so long as the director's interest was disclosed to the board prior to the company's entry into the transaction or was not required to be disclosed (for example where the transaction is between the company and the director himself or is otherwise in the ordinary course of business and on usual terms and conditions). As permitted by British Virgin Islands law and our memorandum of association and articles of association, a director interested in a particular transaction may vote on it, attend meetings at which it is considered, and sign documents on our behalf which relate to the transaction.

Transactions with Interested Shareholders

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

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

Independent Directors

There are no provisions under Delaware corporate law or under the BVI Act that require a majority of our directors to be independent.

Cumulative Voting

Under Delaware corporate law, cumulative voting for elections of directors is not permitted unless the company's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions to cumulative voting under the laws of the British Virgin Islands, but our memorandum of association and articles of association do not

Anti-takeover Provisions in Our Memorandum of association and articles of association

Some provisions of our memorandum of association and articles of association may discourage, delay or prevent a change in 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.

C. MATERIAL CONTRACTS.

On January 25, 2018, the Company executed an Asset Exchange Agreement (“AEA”) with C Media Limited, a corporation organized under the laws of the Cayman Islands (“C Media”), whereby the Company agreed to purchase all the capital stock and equity interests of LK Technology Ltd, together with its wholly-owned subsidiaries MMB Limited and Mobile Media (China) Limited and all respective subsidiaries from C Media in exchange for (i) 185,412,599 ordinary shares of the Company, par value \$0.01 per share (“Ordinary Shares”), (ii) 1,000,000 preferred shares of Kingtone (“Preferred Shares”) and (iii) all issued and outstanding capital stock or equity interests of the Company’s subsidiary, Topsy Info-Tech Holdings Pte Ltd., and its wholly-owned subsidiary Xi’an Softech Co., Ltd., including all entities effectively controlled by Xi’an Softech Co., Ltd. through contractual arrangements and variable business entities.

To consummate the contemplated transactions described above, the Company obtained shareholder consent at a special meeting held on May 20, 2018, (i) to authorize 1,000,000 Preferred Shares, (ii) to authorize additional Ordinary Shares so that total authorized Ordinary Shares is equal to 250,000,000 shares, (iii) to list such Ordinary Shares on NASDAQ, and (iv) to approve the transactions contemplated in the Asset Exchange Agreement. Additionally, NASDAQ needed to approve the contemplated transactions prior to consummation thereof. C Media had the right to terminate the AEA if the closing had not occurred (other than through the failure of C Media to comply fully with its obligations under the AEA) on or before July 31, 2018. The transactions contemplated by the AEA were consummated on August 17, 2018.

On January 25, 2018, five shareholders of the Company including its largest shareholder and its Chief Executive Officer executed a Securities Purchase Agreement, whereby such shareholders agreed to sell a total of 617,988 Ordinary Shares and 282,694 American Depository Shares of the Company to Redstone YYL Management Limited, a company incorporated in the British Virgin Islands, in exchange for an aggregate purchase price of \$1,897,860.09.

On August 25, 2018, LK Technology entered into a Stock Purchase Agreement (the “Agreement”) with the shareholders (“Shareholders”) of Superengine Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands (the “Superengine”), pursuant to which LK Technology acquired all of the issued and outstanding capital stock of Superengine for an aggregate purchase price of US\$60 million (the “Purchase Price”), which are paid by the issuance of our Ordinary Shares in an amount equal to the quotient of (x) the Purchase Price divided by (y) the average of the closing prices of the Ordinary Shares on the NASDAQ Capital Market over the 12 months period preceding July 31, 2018. We are a party to the Agreement in connection with the issuance of the Ordinary Shares and certain other limited purposes.

D. EXCHANGE CONTROLS.

This section sets forth a summary of the most significant regulations or requirements that affect our business activities in China or our shareholders’ right to receive dividends and other distributions from us.

Regulations on Internet Content Providers

The Administrative Measures on Internet Information Services, or the Internet Content Measures, which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of internet information services. The Internet Content Measures specifies that internet information services regarding news, publications, education, medical and health care, pharmacy and medical appliances, among other things, are required to be examined, approved and regulated by the relevant authorities. Internet information providers are prohibited from providing services beyond those included in the scope of their licenses or filings. Furthermore, the Internet Content Measures specifies a list of prohibited content. Internet information providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the legal rights of others. Internet information providers that violate such prohibition may face criminal charges or administrative sanctions. Internet information providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the content immediately, keep a record of such content and report to the relevant authorities.

The Internet Content Measures classifies internet information services into commercial internet information services and non-commercial internet information services. Commercial internet information services refer to services that provide information or services to internet users with charge. A provider of commercial internet information services must obtain an ICP License.

Regulations on Internet Audio-video Program Services

On December 20, 2007, the MII and the State Administration of Press, Publication, Radio, Film and Television, or the SAPPRFT, jointly issued the Administrative Provisions for the Internet Audio-Video Program Service, or the Audio-video Program Provisions, which came into effect on January 31, 2008 and was amended on August 28, 2015. The Audio-video Program Provisions defines “internet audio-video program services” as producing, editing and integrating of audio-video programs, supplying audio-video programs to the public via the internet, and providing audio-video programs uploading and transmission services to a third party. Entities providing internet audio-video programs services must obtain an internet audiovideo program transmission license. Applicants for such licenses shall be state-owned or state-controlled entities unless an internet audio-video program transmission license has been obtained prior to the effectiveness of the Audio-video Program Provisions in accordance with the then-in-effect laws and regulations. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services. According to the Audiovideo Program Provisions and other relevant laws and regulations, audio-video programs provided by the entities supplying internet audio-video program services shall not contain any illegal content or other content prohibited by the laws and regulations, such as any content against the basic principles in the PRC Constitution, any content that damages the sovereignty of the country or national security, and any content that disturbs social order or undermine social stability. An audio-video program that has already been broadcast shall be retained in full for at least 60 days. Movies, television programs and other media content used as Internet audio-video programs shall comply with relevant administrative regulations on programs broadcasts through radio, movie and television channels. Entities providing services related to Internet audio-video programs shall immediately delete the audio-video programs violating laws and regulations, keep relevant records, report relevant authorities and implement other regulatory requirements.

The Categories of the Internet Audio-Video Program Services, or the Audio-video Program Categories, promulgated by SAPPRFT on March 10, 2017, classifies internet audio/video programs into four categories: (I) Category I internet audio/video program service, which is carried out with a form of radio station or television station; (II) Category II internet audio/video program service, including (a) re-broadcasting service of current political news audio/video programs; (b) hosting, interviewing, reporting and commenting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio/video programs; (c) producing (interviewing not included) and broadcasting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio/video programs; (d) producing and broadcasting service of internet films/dramas; (e) aggregating and broadcasting service of

films, television dramas and cartoons; (f) aggregating and broadcasting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio/video programs; and (g) live audio/video broadcasting service of cultural activities of common social organizations, sport events or other organization activities; and (III) Category III internet audio/video program service, including (a) aggregating service of online audio/video contents, and (b) re-broadcasting service of the audio/video programs uploaded by internet users; and (IV) Category III internet audio/video program service, including (a) re-broadcasting of the radio/television program channels; and (b) re-broadcasting of internet audio/video program channels.

On May 27, 2016, the SAPPRFT issued the Notice on Relevant Issues concerning Implementing the Approval Works of Upgrading Mobile Internet Audio-Video Program Service, or the Mobile Audio-Video Program Notice. The Mobile Audio-Video Program Notice provides that the mobile Internet audio-video program services shall be deemed Internet audio-video program service. Entities which have obtained the approvals to provide the Internet audio-video program services may use mobile WAP websites or mobile applications to provide audio-video program services. Entities with regulatory approvals may operate mobile applications to provide the audio-video program services. The types of the programs shall be within the permitted scope as provided in the licenses and such mobile applications shall be filed with the SAPPRFT.

Regulations on Production and Operation of Radio/Television Programs

On July 19, 2004, the SAPPRFT promulgated the Administrative Measures on the Production and Operation of Radio and Television Programs, or the Radio and Television Program Production Measures, which came into effect on August 20, 2004 and was amended on August 28, 2015. The Radio and Television Program Production Measures provides that any business that produces or operates radio or television programs must first obtain a Radio and Television Program Production and Operation Permit. Entities holding such permits shall conduct their business within the permitted scope as provided in their permits. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

Regulations on Online Advertising Services

On April 24, 2015, the Standing Committee of the National People's Congress enacted the Advertising Law of the People's Republic of China, or the New Advertising Law, effective on September 1, 2015. The New Advertising Law increases the potential legal liability of advertising services providers and strengthens regulations of false advertising. On July 4, 2016, the State Administration for Industry and Commerce, or the SAIC, issued the Interim Measures of the Administration of Online Advertising, or the SAIC Interim Measures, effective on September 1, 2016. The New Advertising Law and the SAIC Interim Measures require that online advertisements may not affect users' normal internet use and internet pop-up ads must display a "close" sign prominently and ensure one-key closing of the pop-up windows. The SAIC Interim Measures provides that all online advertisements must be marked "Advertisement" so that viewers can easily identify them as such. Moreover, the SAIC Interim Measures treats paid search results as advertisements that are subject to PRC advertisement laws, and requires that paid search results be conspicuously identified on search result pages as advertisements. The New Advertising Law and SAIC Interim Measures require us to conduct more stringent examination and monitoring of our advertisers and the content of their advertisements.

Regulations on Online Games

In September 2009, the GAPP (currently known as the SAPPRFT), together with the National Copyright Administration, and the National Office of Combating Pornography and Illegal Publications jointly issued the Notice on Further Strengthening on the Administration of Pre-examination and Approval of Online Game and the Examination and Approval of Imported Online Game, or the Circular 13. The Circular 13 states that foreign investors are not permitted to invest in online game operating businesses in the PRC via wholly foreign-owned entities, Sino-foreign equity joint ventures or cooperative joint ventures or to exercise control over or participate in the operation of domestic online game businesses through indirect means, such as other joint venture companies or contractual or technical arrangements. If the our contractual arrangements were deemed under the Circular 13 to be an "indirect means" for foreign investors to exercise control over or participate in the operation of a domestic online game business, our contractual arrangements might be challenged by the SAPPRFT. We are not aware of any online game companies which use the same or similar contractual arrangements having been challenged by the SAPPRFT as using those contractual arrangements as an "indirect means" for foreign investors to exercise control over or participate in the operation of a domestic online game business or having been penalized or ordered to terminate operations since the Circular 13 became effective. However it is unclear whether and how the Circular 13 might be interpreted or implemented in the future. See "Risk Factors—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC regulations relating to the relevant industries, 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."

The Interim Measures for the Administration of Online Games, or the Online Game Measures, issued by the MOC, which took effect on August 1, 2010 and amended on December 15, 2017, regulates a broad range of activities related to the online games business, including the development, production and operation of online games, the issuance of virtual currencies used for online games, and the provision of virtual currency trading services. The Online Game Measures provides that any entity that is engaged in online game operations must obtain an Network Cultural Business Permit, and require the content of an imported online game to be examined and approved by the MOC prior to the game's launch and require a domestic online game to be filed with the MOC within 30 days after its launch. The Notice of the Ministry of Culture on the Implementation of the Interim Measures for the Administration of Online Games, which was issued by the MOC on July 29, 2010 to implement the Online Game Measures, (i) requires online game operators to protect the interests of online game users and specifies that certain terms that must be included in service agreements between online game operators and the users of their online games, (ii) requires content review of imported online games and filing procedures for domestic online games, (iii) emphasizes the protection of minors playing online games, and (iv) requests online game operators to promote real-name registration by their game users.

Regulations on Information Security, Censorship and Privacy

The Standing Committee of the National People's Congress, China's national legislative body, enacted the Decisions on the Maintenance of Internet Security on December 28, 2000 that may subject persons to criminal liabilities in China for any attempt to use the internet to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information or (v) infringe upon intellectual property rights. In 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections which prohibits using the internet to leak state secrets or to spread socially destabilizing materials. If an ICP license holder violates these measures, the PRC government may revoke its ICP license and shut down its websites. Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress on August 29, 2015, effective on November 1, 2015, any ICP provider that fails to fulfill the obligations related to internet information security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' personal information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (i) sells or provides personal information to others unlawfully or (ii) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

The Cybersecurity Law of the PRC, or the Cybersecurity Law, which was promulgated on November 7, 2016 by the Standing Committee of the National People's Congress and came into effect on June 1, 2017, provides that network operators shall meet their cyber security obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks. Under the Cybersecurity Law, network operators are subject to various security protection-related obligations, including: (i) network operators shall comply with certain obligations regarding maintenance of the security of internet systems; (ii) network operators shall verify users' identities before signing agreements or providing certain services such as information publishing or real-time communication services; (iii) when collecting or using personal information, network operators shall clearly indicate the purposes, methods and scope of the

information collection, the use of information collection, and obtain the consent of those from whom the information is collected; (iv) network operators shall strictly preserve the privacy of user information they collect, and establish and maintain systems to protect user privacy; (v) network operators shall strengthen management of information published by users, and when they discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies.

Regulations on Intellectual Property Rights

Regulations on Copyright

The Copyright Law of the PRC, or the Copyright Law, which took effect on June 1, 1991 and was amended in 2001 and in 2010, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. The Copyright Law as revised in 2010 extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center, or the CPCC. According to the Copyright Law, an infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also subject to fines and/or administrative or criminal liabilities in severe situations.

The Computer Software Copyright Registration Measures, or the Software Copyright Measures, promulgated by the State Council on December 20, 2001 and amended on January 30, 2013, regulates registrations of software copyright, exclusive licensing contracts for software copyright and assignment agreements. The National Copyright Administration, or the NCA administers software copyright registration and the CPCC, is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which meet the requirements of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013).

The Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes on Infringement of the Information Network Dissemination Rights specifies that disseminating works, performances or audio-video products by the internet users or the internet service providers via the internet without the permission of the copyright owners shall be deemed to have infringed the right of dissemination of the copyright owner.

The Measures for Administrative Protection of Copyright Related to Internet, which was jointly promulgated by the NCA and the MIIT on April 29, 2005 and became effective on May 30, 2005, provides that upon receipt of an infringement notice from a legitimate copyright holder, an ICP operator must take remedial actions immediately by removing or disabling access to the infringing content. If an ICP operator knowingly transmits infringing content or fails to take remedial actions after receipt of a notice of infringement that harms public interest, the ICP operator could be subject to administrative penalties, including an order to cease infringing activities, confiscation by the authorities of all income derived from the infringement activities, or payment of fines.

On May 18, 2006, the State Council promulgated the Regulations on the Protection of the Right to Network Dissemination of Information (as amended in 2013). Under these regulations, an owner of the network dissemination rights with respect to written works or audio or video recordings who believes that information storage, search or link services provided by an Internet service provider infringe his or her rights may require that the Internet service provider delete, or disconnect the links to, such works or recordings.

Patent Laws

According to the Patent Law of the PRC (Revised in 2008), the State Intellectual Property Office is responsible for administering patent law in the PRC. The patent administration departments of provincial, autonomous region or municipal governments are responsible for administering patent law within their respective jurisdictions. The Chinese patent system adopts a first-to-file principle, which means that when more than one person file different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. A patent is valid for twenty years in the case of an invention and ten years in the case of utility models and designs.

Trademark Laws

Trademarks are protected by the Trademark Law of the PRC (Revised in 2013) which was adopted in 1982 and subsequently amended in 1993, 2001 and 2013 respectively as well as by the Implementation Regulations of the PRC Trademark Law adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office under the SAIC handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with patents, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Regulations on Domain Names

The MIIT promulgated the Measures on Administration of Internet Domain Names, or the Domain Name Measures, on August 24, 2017, which took effect on November 1, 2017 and replaced the Administrative Measures on China Internet Domain Name promulgated by MII on November 5, 2004. According to the Domain Name Measures, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide the true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

Relevant Regulations of the High-tech Enterprise

The Ministry of Information Industry, the Ministry of Science and Technology and the State Tax Bureau collectively promulgated and issued the "Certifying Standard and Managing Measures for High-tech Enterprises" and "the High-tech Areas of Main National Support" on April 14, 2008 to certify the High-tech enterprise and encourage and support the development of the Chinese High-tech enterprises. Under the High-tech Enterprises Measures, the enterprise can enjoy the favorable tax policy when it is certified as a High-tech enterprise by the Ministry of Information Industry, the Ministry of Science and Technology and the State Tax Bureau or with its provincial branch according to the stipulated standard. The software and computer and network technology are recognized as the main national supported High-tech field. Kingtone Information is a High-tech enterprise and enjoys a favorable income tax rate of 15%.

China has adopted legislation governing intellectual property rights, including patents, copyrights and trademarks. China is a signatory to the main 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 WTO in December 2001.

Patents

The “Patent Law of the People’s Republic of China” promulgated by the Standing Committee of the National People’s Congress, adopted in 1985 and revised in 1992, 2001 and 2008, protects registered patents. The State Intellectual Property Office of PRC handles granting patent rights, providing for a twenty-year patent term for inventions and a ten-year patent term for utility models and designs. As we disclosed in Item 4, of this transition report on Form 20-F, through Kingtone Information, we have been granted one invention patent “wireless video transmission system based on BREW platform” by the State Intellectual Property Office (“SIPO”) of PRC on September 23, 2009 and therefore such invention is entitled to all the protections provided under the Patent Law for twenty years.

Computer Software Copyright and Administration

On December 20, 2001, the State Council of PRC issued the “Regulation for Computer Software Protection of the People’s Republic of China” (the “Regulation for Computer Software Protection”) which became effective on January 1, 2002 to protect the interests of copyright owners, to promote the research and application and to encourage the development of the Chinese software industry. Under the Regulation for Computer Software Protection, natural persons, legal persons or any other organizations shall have a copyright on the software developed by such persons no matter whether such software has been published. The protection period of software copyrights owned by the legal person or other organization is fifty years and expires on December 31 of the fiftieth year from the initial publication date of such computer software. Currently, Kingtone Information has twelve registration certificates for software copyrights.

Trademarks

The “Trademark Law of the People’s Republic of China” promulgated by the State Council of PRC, adopted in 1982 and revised in 1993 and 2001, protects registered trademarks. The Trademark Office under the Chinese State Administration for Industry and Commerce handles trademark registrations and grants a term of ten years to registered trademarks which are renewable for another ten years after the application to the Trademark Office by the owners of the trademarks. Trademark license agreements must be filed with the Trademark Office for record. China has a “first-to-register” system that requires no evidence of prior use or ownership. Kingtone Information has its registered trademarks as described in Item 4 of this transition report on Form 20-F. Accordingly, such trademarks are entitled to the protection under the Trademark Law.

Foreign Currency Exchange

On August 29, 2008, the SAFE issued the Notice of the General Affairs Department of the State Administration of Foreign Exchange on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises, or Circular 142. Pursuant to Circular 142, RMB converted from the foreign currency-denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. The use of such Renminbi capital may not be changed without SAFE’s approval and may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used.

See “Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of our initial public offering to make loans or additional capital contributions to our PRC operating subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business”.

Dividend Distribution

We are a British Virgin Islands holding company and substantially all of our operations are conducted through LK Technology. We rely on dividends and other distributions from our LK Technology and its subsidiaries to provide us with our cash flow and allow us to pay dividends on the shares underlying our ADSs and meet our other obligations. The principal regulations governing distribution of dividends paid by wholly foreign-owned enterprises include:

1. Wholly Foreign-Owned Enterprise Law (1986), as amended; and
2. Implementation Rules on Wholly Foreign-Owned Enterprise Law (1990), as amended.

Under these regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to its general reserves until the accumulative amount of such reserves reach 50% of its registered capital. These reserves are not distributable as cash dividends. The board of directors of a FIE has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds, which may not be distributed to equity owners except in the event of liquidation.

Regulation of Foreign Exchange in Certain Onshore and Offshore Transactions

In October 2005, the SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Notice 75, which became effective as of November 1, 2005, and was further supplemented by two implementation notices issued by the SAFE on November 24, 2005 and May 29, 2007, respectively. Under Circular 75, prior registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. An amendment to the registration or filing with the local SAFE branch by such PRC resident is also required for the injection of equity interests or assets of an onshore enterprise in the offshore company or overseas funds raised by such offshore company, or any other material change with respect to the offshore company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment, debt investment, or creation of any security interest over any assets located in the PRC.

Under SAFE Notice 75, PRC residents are further required to repatriate into the PRC all of their dividends, profits or capital gains obtained from their shareholdings in the offshore entity within 180 days of their receipt of such dividends, profits or capital gains. The registration and filing procedures under SAFE Notice 75 are prerequisites for other approval and registration procedures necessary for capital inflow from the offshore entity, such as inbound investments or shareholders loans, or capital outflow to the offshore entity, such as the payment of profits or dividends, liquidating distributions, equity sale proceeds, or the return of funds upon a capital reduction. Therefore, failure to comply with such registration may subject us to certain restrictions on, including but not limited to, the increase of the registered capital of our PRC subsidiary, making loans to our PRC subsidiary, and making distributions to us from our on-shore companies.

Regulations of Overseas Investments and Listings

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC and the SAFE, jointly adopted the New M&A Rule, which became effective on September 8, 2006. This regulation, among other things, includes provisions that purport to require that an offshore SPV formed for purposes of

On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by SPVs. The CSRC approval procedures require the filing of a number of documents with the CSRC and it would take several months to complete the approval process.

The application of the New M&A Rule with respect to overseas listings of SPVs remains unclear with no consensus currently existing among the leading PRC law firms regarding the scope of the applicability of the CSRC approval requirement.

We believe that, based on our understanding of the current PRC laws, regulations and rules and the procedures announced on September 21, 2006, there is no requirement in this regulation that would require an application to be submitted to the MOFCOM or the CSRC for the approval of the listing and trading of our ADSs on the NASDAQ Capital Market.

See "Risk Factors — Risks Related to Doing Business in China — If we were required to obtain the prior approval of the China Securities Regulatory Commission, or CSRC, of the listing and trading of our ADSs on the NASDAQ Capital Market, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies."

E. TAXATION

The following discussion sets forth the material British Virgin Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs and the ordinary shares represented by our ADSs, sometimes referred to collectively as the "securities". It is based upon laws and relevant interpretations thereof in effect as of the date of this report, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the securities, such as the tax consequences under state, local and other tax laws. As used in this discussion, "we," "our" and "us" refers only to Luokung Technology Ltd.

British Virgin Islands Taxation

Under the law of the British Virgin Islands as currently in effect, a holder of the securities who is not a resident of the British Virgin Islands is not liable for British Virgin Islands tax on dividends paid with respect to the securities and all holders of the securities are not liable to the British Virgin Islands for tax on gains realized during that year on the sale or disposal of such ordinary shares. The British Virgin Islands does not impose a withholding tax on dividends paid by a company incorporated or re-registered under the BVI Act.

There are no capital gains, gift or inheritance taxes levied by the British Virgin Islands on companies incorporated under the BVI Act. In addition, shares of companies incorporated under the BVI Act are not subject to transfer taxes, stamp duties or similar charges.

There is no income tax treaty or convention currently in effect between the United States and the British Virgin Islands or between China and the British Virgin Islands.

People's Republic of China Taxation

In 2007, the PRC National People's Congress enacted the new Enterprise Income Tax Law (the "EIT Law"), which became effective on January 1, 2008. The new EIT Law imposes a single uniform income tax rate of 25% on all Chinese enterprises, including foreign-invested enterprises, and levies a withholding tax rate of 10% on dividends payable by Chinese subsidiaries to their foreign shareholders unless any such foreign shareholders' jurisdiction of incorporation has a tax treaty with China that provides for a different withholding agreement. Under the new EIT Law, enterprises established outside China but deemed to have a "de facto management body" within the country may be considered "resident enterprises" for Chinese tax purposes and, therefore, may be subject to an enterprise income tax rate of 25% on their worldwide income. Pursuant to the implementation rules of the new EIT Law, a "de facto management body" is defined as a body that has material and overall management control over the business, personnel, accounts and properties of the enterprise. Although substantially all members of our management are located in China, it is unclear whether Chinese tax authorities would require (or permit) us to be treated as PRC resident enterprises. If we are deemed a Chinese tax resident enterprise, we may be subject to an enterprise income tax rate of 25% on our worldwide income, excluding dividends received directly from another Chinese tax resident enterprise, as well as PRC enterprise income tax reporting obligations. If we are not deemed to be a Chinese tax resident enterprise, we may be subject to certain PRC withholding taxes. See "Risk Factors — Risks Related to Doing Business in China — Our holding company structure may limit the payment of dividends." As a result of such changes, our historical tax rates may not be indicative of our tax rates for future periods and the value of our ADSs or ordinary shares may be adversely affected. If we are deemed a PRC resident enterprise and investors' gain from the sales of the securities and dividends payable by us are deemed sourced from China, such gains and dividends payable by us may be subject to PRC tax. See "Risk Factors — Risks Related to Doing Business in China — If we were deemed a "resident enterprise" by PRC tax authorities, we could be subject to tax on our global income at the rate of 25% under the New EIT Law and our non-PRC shareholders could be subject to certain PRC taxes.

United States Federal Income Taxation

General

The following is a discussion of the material U.S. federal income tax consequences to an investor of purchasing, owning and disposing of our securities. This discussion does not address any aspects of U.S. federal gift or estate tax or the state, local or non-U.S. tax consequences of an investment in the securities.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF THE SECURITIES IN YOUR PARTICULAR SITUATION.

This discussion applies only to those investors that purchase the securities in this offering and that hold the securities as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This section does not apply to holders that may be subject to special tax rules, including but not limited to:

1. dealers in securities or currencies;
2. traders in securities that elect to use a mark-to-market method of accounting;
3. banks, insurance companies or certain financial institutions;
4. tax-exempt organizations;

5. governments or agencies or instrumentalities thereof;
6. partnerships or other entities treated as partnerships or other pass-through entities for U.S. federal income tax purposes or persons holding the securities through such entities;
7. regulated investment companies or real estate investment trusts;
8. holders subject to the alternative minimum tax;
9. holders that actually or constructively own 10% or more of the total combined voting power of all classes of our shares entitled to vote;
10. holders that acquired the securities pursuant to the exercise of employee stock options, in connection with employee stock incentive plans or otherwise as compensation;
11. holders that hold the securities as part of a straddle, hedging or conversion transaction; or
12. holders whose functional currency is not the U.S. dollar.

This section is based on the Code, its legislative history, existing and proposed U.S. Treasury regulations, published rulings and other administrative guidance of the U.S. Internal Revenue Service (the “IRS”) and court decisions, all as in effect on the date hereof. These laws are subject to change or different interpretation by the IRS or a court, possibly on a retroactive basis.

We have not sought, and will not seek, a ruling from the IRS as to any U.S. federal income tax consequence described herein. The IRS may disagree with the discussion herein, and its determination may be upheld by a court. Moreover, there can be no assurance that future legislation, regulation, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

The discussion below of the U.S. federal income tax consequences to “U.S. Holders” will apply to a beneficial owner of the securities that is for U.S. federal income tax purposes:

1. a citizen or resident of the United States;
2. a corporation (or other entity treated as a corporation) that is created or organized (or treated as created or
3. organized) under the laws of the United States, any state thereof or the District of Columbia;
4. an estate whose income is subject to U.S. federal income tax regardless of its source; or
5. a trust if (a) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S.
6. persons are authorized to control all substantial decisions of the trust, or (b) if the trust has a valid election in effect under applicable U.S.

Treasury regulations to be treated as a U.S. person.

If a beneficial owner of the securities is not described as a U.S. Holder and is not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, such owner will be considered a “Non-U.S. Holder.” The material U.S. federal income tax consequences applicable specifically to Non-U.S. Holders are described below under the heading “Tax Consequences to Non-U.S. Holders.”

If a partnership (including for this purpose any entity treated as a partnership for U.S. tax purposes) is a beneficial owner of the securities, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the securities that is a partnership or partners in such a partnership should consult their own tax advisors about the U.S. federal income tax consequences of holding and disposing of the securities.

This discussion assumes that any distributions made (or deemed made) on the securities and any consideration received by a holder in consideration for the sale or other disposition of the securities will be in U.S. dollars. This discussion also assumes that the representations contained in the Deposit Agreement are true and that the obligations in the Deposit Agreement and any related agreement will be complied with in accordance with their terms. Finally, this discussion assumes that each ADS will only represent ordinary shares in us, and will not represent any other type of security, such as a bond, cash or other property.

For U.S. federal income tax purposes, a holder of an ADS will be treated as the beneficial owner of the shares represented by such ADS and an exchange of an ADS for ordinary shares will not be subject to U.S. federal income tax. The U.S. Treasury has expressed concerns that parties to whom ADSs are pre-released, or intermediaries in the chain of ownership between holders of ADSs and the issuer of the securities underlying the ADSs may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. Holders of ADSs. Such actions would also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate U.S. Holders, including individual U.S. Holders, as described below under “Tax Consequences to U.S. Holders — Taxation of Distributions.” Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends received by certain non-corporate U.S. Holders, including individual U.S. Holders, could be affected by actions taken by parties to whom the ADSs are released, or by future actions by the U.S. Treasury.

Tax Consequences to U.S. Holders

Taxation of Distributions

Subject to the passive foreign investment company, or PFIC, rules discussed below, the gross amount of any cash distributions we make with respect to a U.S. Holder in respect of such U.S. Holder’s ADSs or shares will generally be treated as dividend income if the distributions are made from our current or accumulated earnings and profits, calculated according to U.S. federal income tax principles. Cash dividends will generally be subject to U.S. federal income tax as ordinary income on the day the U.S. Holder actually or constructively receives such income. With respect to non-corporate U.S. Holders for taxable years beginning before January 1, 2011, dividends may be taxed at the lower applicable long-term capital gains rate provided that (a) our ADSs or shares are readily tradable on an established securities market in the United States, or, in the event we are deemed to be a Chinese “resident enterprise” under the EIT Law (as described above under “People’s Republic of China Taxation”), we are eligible for the benefits of the income tax treaty between the United States and the PRC (the “U.S.-PRC Tax Treaty”), (b) we are not a PFIC, as discussed below, for either the taxable year in which the dividend was paid or the preceding taxable year, and (c) certain holding period requirements are met. Under published IRS authority, ADSs are considered for purposes of clause (a) above to be readily tradable on an established securities market in the United States only if they are listed on certain exchanges, which presently include the NASDAQ Capital Market. U.S. Holders should consult their own

tax advisors regarding the availability of the low rate for any dividends paid with respect to our ADSs or shares.

Dividends will not be eligible for the dividends-received deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Generally, if we distribute non-cash property as a dividend (other than pro rata distributions of our shares) out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), a U.S. Holder generally will include in income an amount equal to the fair market value of the property, on the date that it is distributed.

Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in its shares or ADSs and thereafter as capital gain. However, we do not plan on calculating our earnings and profits in accordance with U.S. federal income tax principles. U.S. holders therefore should generally assume that any distributions paid by us will be treated as dividends for U.S. federal income tax purposes.

If PRC taxes apply to dividends paid by us to a U.S. Holder (see "People's Republic of China Taxation," above), such taxes may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability (subject to certain limitations), and a U.S. Holder may be entitled to certain benefits under the U.S.-PRC Tax Treaty. The rules relating to the U.S. foreign tax credit are complex. U.S. Holders should consult their own tax advisors regarding the creditability of any such PRC tax and their eligibility for the benefits of the U.S.-PRC Tax Treaty.

Taxation of Dispositions of Shares

Subject to the PFIC rules discussed below, a U.S. holder that sells or otherwise disposes of its shares will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and such U.S. Holder's tax basis in its shares. Prior to January 1, 2011, capital gains of a non-corporate U.S. holder are generally taxed at a maximum rate of 15% where the property is held for more than one year (and 20% thereafter). The ability to deduct capital losses is subject to limitations.

If PRC taxes apply to any gain from the disposition of our shares by a U.S. Holder, such taxes may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability (subject to certain limitations), and a U.S. Holder may be entitled to certain benefits under the U.S.-PRC Tax Treaty. U.S. Holders should consult their own tax advisors regarding the creditability of any such PRC tax and their eligibility for the benefits of the U.S.-PRC Tax Treaty.

Passive Foreign Investment Company

We do not expect to be a PFIC for U.S. federal income tax purposes for our current tax year or in the foreseeable future. The determination of whether or not we are a PFIC in respect of any of our taxable years is a factual determination that cannot be made until the close of the applicable tax year and that is based on the types of income we earn and the value and composition of our assets (including goodwill), all of which are subject to change. Therefore, we can make no assurances that we will not be a PFIC in respect of our current taxable year or in the future.

In general, we will be a PFIC in any taxable year if either:

1. at least 75% of our gross income for the taxable year is passive income; or
2. at least 50% of the value, determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

Passive income includes dividends, interest, royalties, rents (other than certain rents and royalties derived in the active conduct of a trade or business), the excess of gains over losses from certain types of transactions in commodities, annuities and gains from assets that produce passive income. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

If we are treated as a PFIC in any year during which a U.S. Holder owns the securities, and such U.S. Holder did not make a mark-to-market election, as described below, the U.S. Holder will be subject to special rules with respect to:

1. any gain recognized by the U.S. Holder on the sale or other disposition of its shares; and any excess distribution that we make to the U.S. Holder (generally, the excess of the amount of any distributions to such U.S. Holder during a single taxable year of such U.S. Holder over 125% of the average annual distributions received by such U.S. Holder in respect of the shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder holding period for the shares).

Under these rules:

2. the gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for the shares;
3. the amount allocated to the U.S. Holder's taxable year in which it realized the gain or excess distribution or to the period in the U.S. Holder's holding period before the first day of our first taxable year in which we are a PFIC will be taxed as ordinary income;
4. the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year; and
5. the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such other taxable year of the U.S. Holder.
6. Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

Alternatively, if a U.S. Holder, at the close of its taxable year, owns ordinary shares in a PFIC that are treated as marketable stock, the U.S. Holder may make a mark-to-market election with respect to such shares for such taxable year. Our shares will be "marketable" to the extent that they remain regularly traded on a national securities exchange, such as the NASDAQ Capital Market. If a U.S. Holder makes this election in a timely fashion, it will not be subject to the PFIC rules described above. Instead, in general, the U.S. Holder will include as ordinary income each year the excess, if any, of the fair market value of its shares at the end of the taxable year over its adjusted basis in its shares. Any ordinary income resulting from this election would generally be taxed at ordinary income tax rates and would not be eligible for the reduced rate of tax applicable to qualified dividend income. The U.S. Holder will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of its shares over the fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in the shares will be adjusted to reflect any such income or loss amounts. U.S. Holders should consult their own tax advisor regarding potential advantages and disadvantages of making a mark-to-market election with respect to their shares.

Alternatively, a U.S. Holder of stock in a PFIC may avoid the PFIC tax consequences described above in respect to our or shares by making a timely “qualified electing fund” election to include in income its pro rata share of our net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year of the U.S. Holder in which or with which our taxable year ends. However, the qualified electing fund election is available only if the PFIC provides such U.S. Holder with certain information regarding its earnings and profits as required under applicable U.S. Treasury regulations. We do not intend to furnish the information that a U.S. Holder would need in order to make a qualified electing fund election. Therefore, U.S. Holders will not be able to make or maintain such election with respect to their or shares.

If a U.S. Holder owns our shares or during any year that we are a PFIC, such holder must file U.S. Internal Revenue Service Form 8621 regarding such holder’s shares or and the gain realized on the disposition of the shares. The reduced tax rate for dividend income, discussed in “Taxation of Distributions,” is not applicable to dividends paid by a PFIC. U.S. Holders should consult with their own tax advisors regarding reporting requirements with respect to their shares.

Tax Consequences to Non-U.S. Holders

Dividends paid to a Non-U.S. Holder in respect of our or shares generally will not be subject to U.S. federal income tax, unless the dividends are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States).

In addition, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain attributable to a sale or other disposition of our or shares unless such gain is effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of sale or other disposition and certain other conditions are met (in which case, such gain from United States sources generally is subject to tax at a 30% rate or a lower applicable tax treaty rate).

Dividends and gains that are effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base in the United States) generally will be subject to tax in the same manner as for a U.S. Holder and, in the case of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

Information Reporting and Backup Withholding

In general, information reporting for U.S. federal income tax purposes generally should apply to distributions made on the securities within the United States to a non-corporate U.S. Holder and to the proceeds from sales and other dispositions of the securities by a non-corporate U.S. Holder to or through a U.S. office of a broker. Payments made (and sales and other dispositions effected at an office) outside the United States generally should be subject to information reporting in limited circumstances.

Dividend payments made to U.S. Holders and proceeds paid from the sale or other disposition the securities may be subject to information reporting to the IRS and possible U.S. federal backup withholding at a current rate of 28%. Certain exempt recipients, such as corporations, are not subject to these information reporting requirements. Backup withholding will not apply to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status must provide a duly executed IRS Form W-9.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against a U.S. Holder’s or a non-U.S. Holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

PROSPECTIVE PURCHASERS OF OUR SECURITIES SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY ADDITIONAL TAX CONSEQUENCES RESULTING FROM PURCHASING, HOLDING OR DISPOSING OF OUR SECURITIES, INCLUDING THE APPLICABILITY AND EFFECT OF THE TAX LAWS OF ANY STATE, LOCAL OR NON-U.S. JURISDICTION, INCLUDING ESTATE, GIFT, AND INHERITANCE LAWS AND APPLICABLE TAX TREATIES.

F. DIVIDENDS AND PAYING AGENTS.

Not applicable.

G. STATEMENT BY EXPERTS.

None.

H. DOCUMENTS ON DISPLAY.

We previously filed a registration statement on Form F-1 (File No. 333-166056) with the SEC relating to our initial public offering in May 2010. This transition report does not contain all of the information in the registration statement and the exhibits and financial statements included with the registration statement. References in this transition report to any of our contracts, agreements or other documents are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contracts, agreements or documents. In addition, we will file transition reports on Form 20-F and submit other information under cover of Form 6-K. As a foreign private issuer, we are exempt from the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders will be exempt from the insider short-swing disclosure and profit recovery rules of Section 16 of the Exchange Act. You may read and copy the registration statement, the related exhibits and other materials we file with the SEC at the SEC’s public reference room in Washington, D.C. at 100 F Street, Room 1580, N.E., Washington, D.C.20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The website address is <http://www.sec.gov>. You may also request a copy of these filings, at no cost, by writing us at LAB 32, SOHO 3Q, No 9, Guanghai Road, Chaoyang District, Beijing, People’s Republic of China, 100020 or telephoning us at (86) 10-85866721.

I. SUBSIDIARY INFORMATION

For a listing of our subsidiaries, see “Item 4. Information on the Company – C. Organizational Structure.”

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk

As of December 31, 2017, we had no short-term or long-term borrowings. If we borrow money in future periods, we may be exposed to interest rate risk. Our exposure to market risk for changes in interest rates relates primarily to the interest income generated by our cash deposits with our banks and held-to-maturity investments. We have not used any derivative financial instruments in our investment portfolio. Interest earnings instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed to material risks due to changes in interest rates. However, our future interest income may fall short of expectations due to changes in interest rates.

Foreign Exchange Risk

Translation adjustments amounted to \$90,671 and \$387,375 gain as of the fiscal year ended December 31, 2017 and 2016, respectively. The Company translated balance sheet amounts with the exception of equity at December 31, 2017 at RMB 6.5342 to \$1.00 as compared to RMB 6.9370 to \$1.00 at December 31, 2016. The Company stated equity accounts at their historical rate. The average translation rates applied to income statement accounts for the fiscal year ended December 31, 2017 and 2016 were RMB6.7356 and RMB 6.7153 to US\$1.00, respectively. So far, the PRC government has been able to manage a stable exchange rate between RMB and the U.S. Dollar. Our future downward translation adjustments may occur and can be significant due to changes in such exchange rate.

If we decide to convert our RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

The PRC government imposes strict restrictions on PRC resident companies regarding converting RMB into foreign currencies and vice versa under capital account transactions, such as receiving equity investments from outside of the PRC, making equity investments outside of the PRC, borrowing money from or lending money outside of the PRC, and repaying debt or remitting liquidated assets and/or accumulated profits outside of the PRC. These transactions have to be approved by the relevant PRC government authorities, including but not limited to the commerce bureau, the tax bureau and the State Administration of Foreign Exchange, or SAFE, and have to be conducted at banks entrusted by the local SAFE branch. As our business continues to grow, we may need to continuously finance our PRC subsidiaries by raising capital from outside of the PRC. The restriction on converting RMB into foreign currencies, and vice versa, may limit our ability to use capital resources from outside of the PRC. Such restrictions may also limit our ability to remit profits from our PRC subsidiaries outside of the PRC, therefore potentially limiting our ability to pay dividends to our shareholders. In addition, such restrictions will limit our ability to freely transfer temporary excess cash in our or our subsidiaries' bank accounts in and out of the PRC, therefore limiting our ability to conduct cross-border cash management activities to optimize the utilization of our cash.

Inflation

Although China has experienced an increasing inflation rate, inflation has not had a material impact on our results of operations in recent years. According to the National Bureau of Statistics of China, the change in the consumer price index in China was 0.46%, (0.77%), and 1.16% in 2001, 2002 and 2003, respectively. However, in connection with a 3.9% increase in 2004, the PRC government announced measures to restrict lending and investment in China in order to reduce inflationary pressures in China's economy. Following the government's actions, the consumer price index decreased to 1.8% in 2005 and to 1.5% in 2006. In 2007, the consumer price index increased to 4.8%. In response, China's central bank, the People's Bank of China, announced that the bank reserve ratio would rise half a percentage point to 15.5% in an effort to reduce inflation pressures. China's consumer price index growth rate reached 8.7% year over year in 2008. In 2009 and 2010, the change in the consumer price index in China was minus 0.7% and 3.3%.

China consumer price index in November 2017 was 3.8% higher than that of the same period in 2016. China consumer price index in December 2016 was 2.4% higher than that of the same period in 2015. China consumer price index in December 2015 was 4.8% higher than that of the same period in 2014. China consumer price index in December 2014 was 3.3% higher than that of the same period in 2013. The results of the PRC government's actions to combat inflation are difficult to predict. Adverse changes in the Chinese economy, if any, will likely impact the financial performance of a variety of industries in China that use, or would be candidates to use, our software products and services.

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.

The Bank of New York Mellon, as depositary (the "Depositary") for the Company's ADR facility, notified the owners and holders of the Company's ADSs that the ADS facility will terminate effective at 5:00 p.m. (Eastern Time) on September 19, 2018. Under the terms of the Deposit Agreement among the Company, the Depositary and the owners and holders of ADSs of the Company (the "Deposit Agreement"), owners and holders of the Company's ADSs have until at least January 21, 2019 to surrender their ADSs to the Depositary for delivery of the underlying ordinary shares of the Company. Subsequent to January 21, 2019, under the terms of the Deposit Agreement, the Depositary may attempt to sell any ordinary shares remaining on deposit with the Depositary. If the Depositary sells such underlying ordinary shares or receives value for such shares, holders must surrender their ADSs to obtain payment of the sale proceeds, net of expenses and applicable tax and charges. We completed the voluntary delisting of our ADSs from the NASDAQ Capital Market on September 19, 2018.

You may hold ADSs either (A) directly (i) by having ADSs registered in your name in the Direct Registration System, or (ii) by having an American depositary receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, also referred to as DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership will be confirmed by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, you will not be treated as one of our registered shareholders and you will not have direct shareholder rights. British Virgin Island's law governs our direct shareholders' rights. The depository will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A Deposit Agreement among us, the depository and you, as an ADS holder, and all other persons indirectly holding ADSs, sets out ADS holder rights as well as the rights and obligations of the depository. New York law governs the Deposit Agreement and the ADSs.

The following is a summary of the material provisions of the Deposit Agreement. For more complete information, you should read the entire Deposit Agreement and the form of ADS, which contains the terms of the ADSs. The Deposit Agreement is filed as an exhibit to our registration statement filed on Form F-1. You may obtain the registration statement and the attached Deposit Agreement from the SEC's website at <http://www.sec.gov>. You may also obtain a copy of the Deposit Agreement at the SEC's Public Reference Room, which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330.

Fees and Expenses

Persons depositing or withdrawing shares or ADS holders must pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

\$.05 (or less) per ADSs per calendar year

Registration or transfer fees

Expenses of the depository

Taxes and other governmental charges the depository or the custodian have to pay on any ADS or share underlying an ADS, for example, share transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depository or its agents for servicing the deposited securities

For:

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property

Cancellation of ADSs for the purpose of withdrawal, including if the Deposit Agreement terminates

Any cash distribution to ADS holders

Distribution of securities distributed to holders of deposited securities which are distributed by the depository to ADS holders

Depository services

Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares

Cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement) converting foreign currency to U.S. dollars

As necessary

As necessary

Payment of Taxes

Holders of our ADSs are responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of their ADSs. The depository may refuse to register any transfer of a holder's ADSs or allow withdrawal of the deposited securities represented by the ADSs until such taxes or other charges are paid. It may apply payments owed to the holder or sell deposited securities represented by the ADSs to pay any taxes owed and the holder will remain liable for any deficiency. If the depository sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

Use of Proceeds.

We completed our initial public offering on May 14, 2010 (the "IPO"), which generated net proceeds of approximately \$14.6 million. All remaining cash on hand from the proceeds of our IPO was transferred to C Media Limited and its subsidiaries following the completion of the asset exchange transactions on August 17, 2018.

ITEM 15. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of our disclosure controls and procedures, which included inquiries made to certain other of our employees. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports, such as this report, that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have each concluded that, as of December 31, 2017, the Company's disclosure controls and procedures were not effective due to the material weakness described in the "Management's Report on Internal Control over Financial Reporting" section below.

Management's 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 Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive officer and principal financial officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Any system of internal control, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. 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.

Management assessed our internal control over financial reporting as of the year ended December 31, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2014 report entitled "Internal Control-Integrated Framework." The COSO framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring. Based on such assessment, management concluded that its internal control over financial reporting as of December 31, 2017 was not effective because of the following material weakness:

Lack of U.S. GAAP expertise. Although our accounting personnel are professional and experienced in accounting requirements and procedures generally accepted in the PRC, they do not have sufficient knowledge, experience and training in maintaining our books and records and preparing financial statements in accordance with U.S. GAAP standards and SEC rules and regulations. The staff needs additional training to become experienced in U.S. GAAP-based reporting, including the skills of U.S. GAAP-based period end closing, consolidation of financial statements, and U.S. GAAP conversion.

In order to address the above material weakness, our management plans to take the following steps:

We will employ, as needed, outside professionals to provide key accounting personnel ongoing technical trainings to ensure their proper understanding of U.S. GAAP and newly announced accounting standards.

The Company believes the foregoing measures will remediate the identified material weakness in future periods. The Company is committed to monitoring the effectiveness of these measures and making any changes that are necessary and appropriate.

Notwithstanding the conclusion that its internal control over financial reporting was not effective as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer believe that the financial statements and other information contained in this report present fairly, in all material respects, its business, financial condition and results of operations. Nothing has come to the attention of management that causes them to believe that any material inaccuracies or errors exist in the Company's financial statements as of December 31, 2017.

Attestation report of the registered public accounting firm.

This transition report does not include an attestation report of the Company's registered public accounting firm on internal control over financial reporting because the Company is a non-accelerated filer permanently exempted from section 404(b) of the Sarbanes-Oxley Act.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during our fiscal year ended December 31, 2017 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

Our board of directors has determined that Mr. Dennis Galgano qualifies as an audit committee financial expert. Our board of directors has determined that Messrs. Dennis Galgano, Jin Shi, Jiming Ha and Zhihao Xu meet the definition of an "independent director" under the applicable NASDAQ Rules and under Rule 10A-3 of the Securities Exchange Act of 1934, as amended.

ITEM 16B. CODE OF ETHICS.

Our board of directors has adopted a code of business conduct and ethics applicable to our directors, officers and employees. We have posted the code on our website at <http://www.luokung.com>.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

The aggregate fees billed by Moore Stephens CPA Limited for professional services rendered for the audit of our financial information disclosed in this transition report on Form 20-F was \$280,000 for the two years ended December 31, 2017 and 2016.

The aggregate fees billed by our previous auditor, BDO China Shu Lun Pan Certified Public Accountants LLP for professional services rendered for the audit of our annual financial information included in our annual reports on Form 20-F was \$105,500 for each of the fiscal years ended September 30, 2017, 2016 and 2015.

Tax Fees

We did not engage our principal accountants to provide tax or related services during the last two fiscal years.

All Other Fees

We did not engage our principal accountants to render services to us during the last two fiscal years, other than as reported above.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE.

We are incorporated in the BVI and our corporate governance practices are governed by applicable BVI law as well as our memorandum and articles of association. In addition, because our ADSs are listed on NASDAQ, we are subject to NASDAQ's corporate governance requirements. NASDAQ Listing Rule 5620(a) requires each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year end. However, NASDAQ Listing Rule 5615(a)(3) permits a foreign private issuer like us to follow home country practices in lieu of certain requirements of Listing Rule 5600, provided that such foreign private issuer discloses in its transition report filed with the SEC each requirement of Rule 5600 that it does not follow and describes the home country practice followed in lieu of such requirement. We follow home country practice with respect to annual meetings and did not hold an annual shareholder meeting in the year ended December 31, 2017. We may, however, hold annual shareholder meetings in the future if there are significant issues that require shareholders' approvals.

ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

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PART III

ITEM 17. FINANCIAL STATEMENTS.

We have elected to provide financial statements and related information specified in Item 18.

ITEM 18. FINANCIAL STATEMENTS.

See "Index to Consolidated Financial Statements" for a list of all financial statements filed as part of this transition report. The Financial Statements are beginning on page F-1.

ITEM 19. EXHIBITS.

See the Exhibit Index following the signature page of this report, which is incorporated herein by reference.

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SIGNATURES

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

LUOKUNG TECHNOLOGY CORP.

By: /s/ Xuesong Song
Xuesong Song
Chief Executive Officer
(principal executive officer)

October 12, 2018

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EXHIBIT INDEX

The following documents are filed as part of this transition report on Form 20-F.

Exhibit Number	Description
1.1	Amended and Restated Memorandum of Association and Articles of Association of Luokung Technology Corp., dated August 20, 2018, and as currently in effect.
2.1*	Deposit Agreement among the Company, depository and holders of the American Depositary Receipts.
2.2*	Form of American Depositary Receipt.

2.3*	English translation of Entrusted Management Agreement dated December 15, 2009 between Xi'an Softech Co., Ltd., Xi'an Kingtone Information Technology Co., Ltd. and the shareholders of Xi'an Kingtone Information Technology Co., Ltd.
3.1*	English translation of Shareholder's Voting Proxy Agreement dated December 15, 2009 between Xi'an Softech Co., Ltd., Xi'an Kingtone Information Technology Co., Ltd. and the shareholders of Xi'an Kingtone Information Technology Co., Ltd.
4.1*	English translation of Exclusive Technology Service Agreement dated December 15, 2009 between Xi'an Softech Co., Ltd. and Xi'an Kingtone Information Technology Co., Ltd.
4.2*	English translation of Exclusive Option Agreement dated December 15, 2009 between Xi'an Softech Co., Ltd., Xi'an Kingtone Information Technology Co., Ltd. and the shareholders of Xi'an Kingtone Information Technology Co., Ltd.
4.3*	English translation of Equity Pledge Agreement dated December 15, 2009 between Xi'an Softech Co., Ltd., Xi'an Kingtone Information Technology Co., Ltd. and the shareholders of Xi'an Kingtone Information Technology Co., Ltd.
4.4*	English translation of Loan Agreement dated September 14, 2009 between Xi'an Kingtone Information Technology Co., Ltd. and Xian City Commercial Bank.
4.5*	English translation of Mortgage Agreement dated September 14, 2009 between Xi'an Kingtone Information Technology Co., Ltd. and Xian City Commercial Bank.
4.6*	English translation of Form of Employment Agreement entered into between the Company and the Company's executive officers.
4.7*	2010 Omnibus Incentive Plan of the Company.
4.8**	English translation of Project Construction Contract dated August 10, 2010 between Xi'an Hu County Yuxing Agriculture Science & Technology Co., Ltd. and Xi'an Kingtone Information Technology Co., Ltd.
4.9***	Asset Exchange Agreement by and between C Media Limited and the Company dated as of January 25, 2018.
4.10***	Securities Purchase Agreement by and among Redstone YYL Management Limited and five shareholders holding majority of the shares of the Company dated as of January 25, 2018.
4.15	Exclusive Business Cooperation Agreement by and between Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd., and Beijing Mobile Vision Technology Co., Ltd., dated August 31, 2015.

4.16	Exclusive Option Agreement by and among Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd., Xuesong Song, Weili Chen, Ping Wang, Donglai Liu, and Beijing Mobile Vision Technology Co., Ltd., dated August 31, 2015.
4.17	Equity Interest Pledge Agreement by and among Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd., Xuesong Song, Weili Chen, Ping Wang, Donglai Liu, and Beijing Mobile Vision Technology Co., Ltd., dated August 31, 2015.
4.18	Addendum to Asset Exchange Agreement by and among the Company, Topsy Info-tech Holdings Pte Ltd. and C Media Limited, dated October 3, 2018. Incorporated by reference to the Company's Current Report on Form 6-K filed on October 4, 2018.
4.19	Stock Purchase Agreement, dated August 25, 2018, by and among the Company, LK Technology Ltd., and the shareholders listed therein. Incorporated by reference to the Company's Current Report on Form 6-K filed on August 27, 2018.
4.20	Power of Attorney by Weili Chen, dated August 31, 2015.
4.21	Power of Attorney by Ping Wang, dated August 31, 2015.
4.22	Power of Attorney by Donglai Liu, dated August 31, 2015.
4.23	Power of Attorney by Xuesong Song, dated August 31, 2015.
8.1	List of Subsidiaries and Consolidated Variable Interest Entities
10.1	Employment Agreement, dated August 19, 2018, between Luokung Technology Corp. and Xuesong Song.†
10.2	Employment Agreement, dated August 19, 2018, by and between Luokung Technology Corp. and Jie Yu.†
12.1	Certification of Chief Executive Officer required by Rule 13a-14(a).
12.2	Certification of Chief Financial Officer required by Rule 13a-14(a).
13.1	Certification of Chief Executive Officer required by Rule 13a-14(a).
13.2	Certification of Chief Financial Officer required by Rule 13a-14(a).
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.

* Previously filed as an exhibit to the Company's Registration Statement on Form F-1 (Reg. No. 333-166056) filed with the Commission and incorporated herein by reference.

- ** Previously filed as exhibits to the Company’s Transition Report on Form 20-F filed with the Commission on January 20, 2011 and incorporated herein by reference.
- *** Previously filed as exhibits to the Company’s Annual Report on Form 20-F filed with the Commission on February 9, 2018 and incorporated herein by reference.
- † Indicates management contract or compensatory plan, contract or arrangement.

LK Technology Ltd. and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and the Sole Director of
LK Technology Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of LK Technology Ltd. and subsidiaries (the “Company”) as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive loss, changes in shareholder’s equity and cash flows for each of the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 audit to obtain reasonable assurance about whether the consolidated 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.

An independent member firm of Moore Stephens International Limited – members in principal cities throughout the world

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Certified Public Accountants

We have served as the Company’s auditor since 2018.

Hong Kong

May 25, 2018

LK TECHNOLOGY LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN U.S. DOLLARS)

	As of December 31,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 72,379	\$ 83,843
Accounts receivable, net of allowance for doubtful accounts	9,729,625	1,865,836
Other receivables and prepayment	2,376,745	2,287,934
Amounts due from related parties	11,760,692	-
Total current assets	23,939,441	4,237,613
Property and equipment, net	5,044,872	7,771,027
Intangible assets, net	1,154,197	1,682,445
Goodwill	7,239,936	7,239,936
Amount due from a related party	204,412	183,811
TOTAL ASSETS	37,582,858	21,114,832
Liabilities		
Current liabilities:		
Accounts payable	8,784,518	6,446,584
Accrued liabilities and other payables	12,962,912	11,329,613
Amounts due to related parties	3,563,683	16,129,323
Total current liabilities	25,311,113	33,905,520
Total liabilities	25,311,113	33,905,520
Commitments and contingencies		
Shareholder's Equity (Deficit)		
Share capital		
Common stock, \$1 par value per share; 50,000 shares authorized as of December 31, 2017 and 2016, 1 share issued and outstanding as of December 31, 2017 and 2016	1	1
Additional paid-in capital	41,819,685	10,037,469
Accumulated deficit	(29,936,158)	(23,125,704)
Accumulated other comprehensive income (loss)	388,217	297,546
Total Shareholder's Equity (Deficit)	12,271,745	(12,790,688)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)	\$ 37,582,858	\$ 21,114,832

LK TECHNOLOGY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(IN U.S. DOLLARS)

	For the years ended	
	December 31,	
	2017	2016
Revenues	\$ 26,082,417	\$ 5,233,145
Less: Cost of revenues	5,547,779	6,315,504
Less: Operating expenses:		
Selling and marketing	23,908,733	6,209,804
General and administrative	2,451,249	2,108,854
Research and development	1,046,198	2,882,202
Total operating expenses	27,406,180	11,200,860
Loss from operations	(6,871,542)	(12,283,219)
Other income (expense):		
Interest expense	(26,611)	(4,412)
Foreign exchange gains (losses)	350,679	(298,257)
Loss from investment	-	(428,571)
Other income (expense), net	(262,980)	(34,572)
Total other income (expense), net	61,088	(765,812)
Loss before income taxes	(6,810,454)	(13,049,031)
Income taxes	-	-
Net loss	\$ (6,810,454)	\$ (13,049,031)
Other comprehensive income:		
Foreign currency translation adjustment	90,671	387,375
Total comprehensive loss	\$ (6,719,783)	\$ (12,661,656)

LK TECHNOLOGY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(IN U.S. DOLLARS)

	Ordinary shares		Additional paid-in capital	Accumulated deficits	Accumulated other comprehensive Income (loss)	Total Shareholder's Equity (Deficit)
	Shares	Amount				
Balance as of December 31, 2015	1	\$ 1	\$ 8,250,505	\$ (10,076,673)	\$ (89,829)	\$ (1,915,996)
Capital contribution from C Media	-	-	1,786,964			1,786,964
Net loss	-	-		(13,049,031)		(13,049,031)
Foreign currency translation adjustment					387,375	387,375
Balance as of December 31, 2016	1	1	10,037,469	(23,125,704)	297,546	(12,790,688)
Capital contribution from C Media			31,782,216			31,782,216
Net loss				(6,810,454)		(6,810,454)
Foreign currency translation adjustment					90,671	90,671
Balance as of December 31, 2017	1	\$ 1	\$ 41,819,685	\$ (29,936,158)	\$ 388,217	\$ 12,271,745

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LK TECHNOLOGY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN U.S. DOLLARS)

	For the years ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (6,810,454)	\$ (13,049,031)
Depreciation and amortization	3,316,181	3,245,161
Loss on disposal of property and equipment	115,193	73,022
Increase in allowance for doubtful accounts	445,395	62,591
Changes in assets and liabilities		
Accounts receivable	(7,933,730)	(1,507,296)
Other receivables and prepayment	(2,202,960)	2,873,984
Accounts payable	2,230,543	4,757,457
Accrued liabilities and other payables	1,866,137	7,483,441
Net cash (used in) provided by operating activities	<u>(8,973,695)</u>	<u>3,939,329</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(12,689)	(3,554,258)
Proceeds from disposal of property and equipment	29,942	-
Net cash provided by (used in) investing activities	<u>17,253</u>	<u>(3,554,258)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from related parties	8,938,290	(1,197,870)
Net cash provided by (used in) financing activities	<u>8,938,290</u>	<u>(1,197,870)</u>
Effect of exchange rate changes	6,688	(32,746)
Net decrease in cash and cash equivalents	(11,464)	(845,545)
Cash and cash equivalents, at beginning of year	83,843	929,388
Cash and cash equivalents, at end of year	<u>\$ 72,379</u>	<u>\$ 83,843</u>
Supplemental cash flow disclosures:		
Interest paid	26,611	4,412
Income taxes paid	-	-

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LK TECHNOLOGY LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN U.S. DOLLARS)

NOTE 1 – DESCRIPTION OF BUSINESS AND ORGANIZATION

Star Chariot Limited was incorporated in the British Virgin Islands (“BVI”) as an exempted limited liability company on March 3, 2011. On January 18, 2018, it was renamed as LK Technology Ltd. (“LK Technology” or the “Company”).

LK Technology, its subsidiaries and its variable interest entities (“VIEs”) (collectively the “Group”) operate mobile application service for long-distance travel in the People’s Republic of China (the “PRC”). The core mobile application product, Luokuang, is made as an LBS-social contents and services distribution platform. It offers functions based on various travel scenarios, e.g. information, entertainment, travel, e-commerce, O2O, advertising, etc.

As of December 31, 2017, details of the Company’s subsidiaries and VIEs are as follows:

Name	Date of incorporation	Place of incorporation	Percentage of legal ownership
Subsidiaries:			
MMB Limited	Apr 11, 2013	Hong Kong	100%
Mobile Media (China) Limited	Nov 6, 2007	Hong Kong	100%
Zhong Chuan Tian Xia Information and Technology (Beijing) Limited	Feb 1, 2013	PRC	100%
Zhong Chuan Tian Xia Information and Technology (Shenzhen) Limited	Dec 23, 2010	PRC	100%
VIEs:			
Beijing Zhong Chuan Shi Xun Technology Limited (“Zhong Chuan Shi Xun”)	May 17, 2004	PRC	100%
Jiangsu Zhong Chuan Rui You Information and Technology Limited (“Zhong Chuan Rui You”)	May 26, 2011	PRC	100%
Huoerguosi Luokuang Information and Technology Limited (“Huoerguosi Luokuang”)	Jul 19, 2017	PRC	100%
Shenzhen Jiu Zhou Shi Dai Digital and Technology Limited (“Jiu Zhou Shi Dai”)	Nov 26, 2004	PRC	100%

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

The Group incurred losses from operations of \$6,871,542 and \$12,283,219 for the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017, the Group had a shareholder’s equity of \$12,271,145. The Group had negative cash flows from operating activities for the year ended December 31, 2017 of \$8,973,695. As of December 31, 2017, the Group had cash and cash equivalents of \$72,379 and a working capital deficit of \$1,371,672. From 2018 and onwards, the Group will focus on improving operation efficiency and cost reduction, and enhancing marketing functions to attract more users. The Group regularly monitors its current and expected liquidity requirements to ensure that it maintains sufficient cash balances and accessible credit to meet its liquidity requirements in the short and long term. The parent company continues to provide cash flow to the Group. Based on working capital conditions and forecast for future operations, the Group believes that it will be able to meet its payment obligations and other commitments for at least the following twelve months.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, including the wholly-foreign owned enterprises (“WFOEs”), and VIEs for which the Company is the primary beneficiary. All transactions and balances among the Company, its subsidiaries and consolidated VIEs have been eliminated upon consolidation. The results of subsidiaries and consolidated VIEs acquired or disposed of are recorded in the consolidated statements of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate.

A subsidiary is an entity in which (i) the Company directly or indirectly controls more than 50% of the voting power; or (ii) the Company has the power to appoint or remove the majority of the members of the board of directors or to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee pursuant to a statute or under an agreement among the shareholders or equity holders. A VIE is required to be consolidated by the primary beneficiary of the entity if the equity holders in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

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To comply with the PRC legal restrictions on foreign ownership of companies that operate mobile application services, the Group operates in such restricted services in the PRC through certain PRC domestic companies, whose equity interests are held by certain management members or founders of the Group. Part of the registered capital of these PRC domestic companies was funded by certain management members or founders of the Group. The Group has entered into certain exclusive business services agreements with these PRC domestic companies, which entitle it to receive a majority of their residual returns and make it obligatory for the Group to absorb a majority of the risk of losses from their activities. In addition, the Group has entered into certain agreements with those management members or founders, including equity interest pledge agreements of the equity interests held by those management members or founders and exclusive option agreements to acquire the equity interests in these companies when permitted by the PRC laws, rules and regulations.

Details of the typical VIE structure of the Group’s significant consolidated VIEs, primarily domestic companies associated with the operations such as Zhong Chuan Shi Xun, Zhong Chuan Rui You, Huoerguosi Luokuang and Jiu Zhou Shi Dai, are set forth below:

- (i) Contracts that give the Group effective control of VIEs

Exclusive option agreements

The VIE equity holders have granted the WFOEs exclusive call options to purchase their equity interest in the VIEs at an exercise price equal to the higher of (i) the registered capital in the VIEs; and (ii) the minimum price as permitted by applicable PRC laws. Each relevant VIE has further granted the relevant WFOE an exclusive call option to purchase its assets at an exercise price equal to the book value of the assets or the minimum price as permitted by applicable PRC laws, whichever is higher. The WFOEs may nominate another entity or individual to purchase the equity interest or assets, if applicable, under the call options. Each call option is exercisable subject to the condition that applicable PRC laws, rules and regulations do not prohibit completion of the transfer of the equity interest or assets pursuant to the call option. Each WFOE is entitled to all dividends and other distributions declared by the VIE, and the VIE equity holders have agreed to give up their rights to receive any distributions or proceeds from the disposal of their equity interests in the VIE which are in excess of the original registered capital that they contributed to the VIE, and to pay any such distributions or premium to the WFOE. The

Equity pledge agreements

Pursuant to the relevant equity pledge agreements, the relevant VIE equity holders have pledged all of their interests in the equity of the VIEs as a continuing first priority security interest in favor of the corresponding WFOEs to secure the performance of obligations by the VIEs and/or the equity holders under the other structure contracts. Each WFOE is entitled to exercise its right to dispose of the VIE equity holders' pledged interests in the equity of the VIE and has priority in receiving payment by the application of proceeds from the auction or sale of such pledged interests, in the event of any breach or default under the loan agreement or other structure contracts, if applicable. These equity pledge agreements remain in force for the duration of the relevant loan agreement and other structure contracts.

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- (ii) Contracts that enable the Group to receive substantially all of the economic benefits from the VIEs

Exclusive business services agreements

Each relevant VIE has entered into an exclusive business services agreement with the respective WFOE, pursuant to which the relevant WFOE provides exclusive business services to the VIE. In exchange, the VIE pays a service fee to the WFOE which typically amounts to what would be substantially all of the VIE's pre-tax profit, resulting in a transfer of substantially all of the profits from the VIE to the WFOE.

Other arrangements

The exclusive call option agreements described above also enable the Group to receive substantially all of the economic benefits from the VIEs by typically entitling the WFOEs to all dividends and other distributions declared by the VIEs and to any distributions or proceeds from the disposal by the VIE equity holders of their equity interests in the VIEs that are in excess of the original registered capital that they contributed to the VIEs.

Based on these contractual agreements, the Group believes that the PRC domestic companies as described above should be considered as VIEs because the equity holders do not have significant equity at risk nor do they have the characteristics of a controlling financial interest. Given that the Group is the primary beneficiary of these PRC domestic companies, the Group believes that these VIEs should be consolidated based on the structure as described above.

Under the contractual arrangements with the consolidated VIEs, the Group has the power to direct activities of the consolidated VIEs and can have assets transferred out of the consolidated VIEs under its control. Therefore, the Group considers that there is no asset in any of the consolidated VIEs that can be used only to settle obligations of the consolidated VIEs, except for registered capital and PRC statutory reserves. As all consolidated VIEs are incorporated as limited liability companies under the Company Law of the PRC, creditors of the consolidated VIEs do not have recourse to the general credit of the Group for any of the liabilities of the consolidated VIEs.

Currently there is no contractual arrangement which requires the Group to provide additional financial support to the consolidated VIEs. However, as the Group conducts its businesses primarily based on the licenses and approvals held by its consolidated VIEs, the Group has provided and will continue to provide financial support to the consolidated VIEs considering the business requirements of the consolidated VIEs, as well as the Group's own business objectives in the future.

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Use of estimates

The preparation of financial statements in conformity with US GAAP requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates are the allowance for doubtful accounts, the useful lives of property and equipment and intangible assets, impairment of long-lived assets and goodwill. Actual results could differ from those estimates.

Fair value measurements

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 under current market conditions. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group 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

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

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Cash and cash equivalents

Cash and cash equivalents primarily consist of cash, money market funds, investments in interest bearing demand deposit accounts, time deposits and highly liquid investments with original maturities of three months or less from the date of purchase and are stated at cost which approximates their fair value. The Group has no cash equivalents.

Accounts receivable, net of allowance

Accounts receivable are recognized and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. The Group generally does not require collateral from its customers.

The Group maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make payments on time. The Group reviews the accounts receivable on a periodic basis and makes specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Group considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends.

Property and equipment, net

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

Wifi equipment	– 3 years
Office equipment	– 3 to 5 years
Vehicles	– 5 years

Costs of repairs and maintenance are expensed as incurred and asset improvements are capitalized. The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated income statement. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Construction in progress

Assets under construction are not depreciated until construction is completed and the assets are ready for their intended use.

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Intangible assets

Intangible assets with finite lives are amortized using the straight-line method over the estimated economic lives.

Intangible assets have weighted average economic lives from the date of purchase as follows:

Software	– 5 years
Trademarks	– 10 years

Goodwill

The Group assesses goodwill for impairment in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") subtopic 350-20, Intangibles—Goodwill and Other: Goodwill ("ASC 350-20"), which requires that goodwill to be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events, as defined by ASC 350-20.

We have the option to assess qualitative factors first to determine whether it is necessary to perform the two-step test in accordance with ASC 350-20. If we believe, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, the two-step quantitative impairment test described below is required. Otherwise, no further testing is required. 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. In performing the two-step quantitative impairment test, the first step compares the carrying amount of the reporting unit to the fair value of the reporting unit based on either quoted market prices of the ordinary shares or estimated fair value using a combination of the income approach and the market approach. If the fair value of the reporting unit exceeds the carrying value of the reporting unit, goodwill is not impaired and we are not required to perform further testing. If the carrying value of the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. The fair value of the reporting unit is allocated to its assets and liabilities in a manner similar to a purchase price allocation in order to determine the implied fair value of the reporting unit goodwill. If the carrying amount of the goodwill is greater than its implied fair value, the excess is recognized as an impairment loss.

In 2017, we performed a qualitative assessment for goodwill. Based on the requirements of ASC350-20, we evaluated all relevant factors, including but not limited to macroeconomic conditions, industry and market conditions, financial performance. We weighed all factors in their entirety and concluded that it was not more-likely-than-not the fair value was less than the carrying amount of the reporting unit, and further impairment testing on goodwill was unnecessary as of December 31, 2017 and 2016.

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Impairment or disposal of long-lived assets

Long-lived assets other than goodwill are included in impairment evaluations when events and circumstances exist that indicate the carrying value of these assets may not be recoverable. In accordance with FASB ASC 360, Property, Plant and Equipment, the Group assesses the recoverability of the carrying value of long-lived assets by first grouping its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (the asset group) and, secondly, estimating the undiscounted future cash flows that are directly associated with and expected to arise from the use of and eventual disposition of such asset group. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, the Group recognizes an impairment loss to the extent the carrying value of the long-lived asset exceeds its fair value. The Group determines fair value through quoted market prices in active markets or, if quotations of market prices are unavailable, through the performance of internal analysis using a discounted cash flow methodology or obtains external appraisals from independent valuation firms. The undiscounted and discounted cash flow analyses are based on a number of estimates and assumptions, including the expected period over which the asset will be utilized, projected future operating results of the asset group, discount rate and long-term growth rate.

As of December 31, 2017 and 2016, the Group assessed the impairment of its long-lived assets and concluded that there was no impairment indication.

Business combination

We account for business combinations using the purchase method of accounting in accordance with FASB ASC topic 805, Business combinations. The purchase method accounting requires that the consideration transferred be allocated to the assets, including separately identifiable assets and liabilities we acquired, based on their estimated fair values. The consideration transferred in an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total of cost of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in earnings.

Revenue recognition

The Group recognizes revenue in accordance with FASB ASC topic 605, Revenue Recognition (“ASC 605”). Revenue is recognized when the following four revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been provided, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

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Display-based online advertising services

The Group provides display-based online advertising services to customers by integrating text description, image and video, and displaying the advertisements in a prominent position of LuoKuang Application. The Group recognizes revenue in accordance with ASC 605, over the contractual term based on the agreements and confirmation letters signed by both parties, commencing on the date the customer’s advertisement is displayed on the Group’s platform.

Foreign currency translation

The functional and reporting currency of the Company and the Company’s subsidiaries domiciled in BVI and Hong Kong are the United States dollar (“U.S. dollar”). The financial records of the Company’s other subsidiaries and VIEs located in the PRC are maintained in their local currency, the Chinese Renminbi (“RMB”), which are the functional currency 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 the 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 a functional currency of RMB translate their operating results and financial position into the U.S. dollar, the Company’s reporting currency. Assets and liabilities are translated using the exchange rates in effect on the balance sheet date. Revenues, expenses, gains and losses are translated using the average rate for the year. Retained earnings and equity are translated using the historical rate. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive income.

Income taxes

Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net operating loss carry forwards and credits, by applying 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 some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws and regulations applicable to the Group as enacted by the relevant tax authorities.

The impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than not to be sustained upon audit by the relevant tax authorities. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, the Group classifies the interest and penalties, if any, as a component of the income tax expense. For years ended December 31, 2017 and 2016, the Group did not have any material interest or penalties associated with tax positions nor did the Group have any significant unrecognized uncertain tax positions.

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Related parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all significant related party transactions.

Leases

Leases have been classified as either capital or operating leases. Leases that transfer substantially all the benefits and risks incidental to the ownership of assets are accounted for as if there was an acquisition of an asset and incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

When the Group is the lessor, minimum contractual rental from leases are recognized on a straight-line basis over the noncancelable term of the lease. With respect to a particular lease, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental revenue recognized for the period. Straight-line rental revenue commences when the customer assumes control of the leased premises. Accrued straight-line rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements. Contingent rental revenue is accrued when the contingency is removed.

Advertising costs

Advertising costs include expenses associated with direct marketing. All advertising costs are expensed as incurred and included in selling and marketing expenses. During the years ended December 31, 2017 and 2016, advertising costs amounted to \$23,171,170 and \$4,537,653, respectively.

Comprehensive loss includes net loss and foreign currency translation adjustments and is presented net of tax. The tax effect is nil for the two years ended December 31, 2017 and 2016 in the consolidated statements of comprehensive loss.

Concentration of credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and accounts receivable. The Group places its cash with financial institutions with high-credit rating and quality in China. For the year ended December 31, 2017, two customers accounted for over 10% of total revenue. For the year ended December 31, 2016, four customers accounted for over 10% of total revenue. At December 31, 2017 and 2016, the Group had credit risk exposure of uninured cash in banks of approximately \$72,379 and \$83,843, respectively.

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NOTE 3 – INCOME TAX

At December 31, 2017 and 2016, the Group had an unused net operating loss carryforwards of approximately \$25,123,726 and \$20,081,239, respectively, for income tax purposes, which expires between 2018 to 2022 and between 2017 to 2021, respectively. At December 31, 2017 and 2016, these net operating losses carryforwards may result in future income tax benefits of approximately \$5,043,944 and \$4,008,863, respectively, however, because realization is uncertain at this time, a valuation allowance in the same amount has been established. Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Group's deferred tax liabilities and assets of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Deferred tax liabilities	\$ -	\$ -
Deferred tax asset		
Net operating loss carryforward	5,043,944	4,008,863
Valuation allowance	(5,043,944)	(4,008,863)
Net deferred tax asset	<u>-</u>	<u>-</u>

Movement of valuation allowance

	December 31, 2017	December 31, 2016
At the beginning of the year	\$ 4,008,863	\$ 2,049,352
Current year addition	823,970	2,159,518
Expired	(61,411)	-
Exchange difference	272,522	(200,007)
At the end of the year	<u>5,043,944</u>	<u>4,008,863</u>

The Company is not subject to taxation in BVI under the current BVI law. Subsidiaries operating in the PRC are subject to PRC Enterprise Income Tax at the statutory rate of 25% for the years ended December 31, 2017 and 2016. Subsidiaries operating in Hong Kong are subject to Hong Kong income taxes at a rate of 16.5% for the years ended December 31, 2017 and 2016.

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A reconciliation of the income tax expense to the amount computed by applying the current statutory tax rate to the loss before income taxes in the consolidated statements of comprehensive income is as follows:

	December 31, 2017	December 31, 2016
Loss before income taxes	\$ (6,810,454)	\$ (13,049,031)
Tax loss at statutory tax rate	(1,655,174)	(3,386,822)
Non-deductible items	6,729,255	1,712,857
Non-taxable items	(3,789,956)	(674,189)
Change in valuation allowance	823,970	2,159,518
Tax benefits	(2,108,095)	188,636
Income tax expenses	<u>-</u>	<u>-</u>

NOTE 4 – ACCOUNTS RECEIVABLE

At December 31, 2017 and 2016, accounts receivable consisted of the following:

	December 31, 2017	December 31, 2016
Accounts receivable	\$ 10,406,602	\$ 2,098,946
Less: allowance for doubtful accounts	676,977	233,110
	<u>\$ 9,729,625</u>	<u>\$ 1,865,836</u>

NOTE 5 – OTHER RECEIVABLES

At December 31, 2017 and 2016, other receivables consisted of the following:

	December 31, 2017	December 31, 2016
Advances to suppliers	\$ 339,701	\$ 181,472
VAT recoverable (1)	3,033,065	1,662,805

Other	5,048,189	485,152
	<u>\$ 2,376,745</u>	<u>\$ 2,287,934</u>

(1) The balance of advanced VAT represents input VAT available for deducting the amount of VAT paid in the future. During the years ended December 31, 2017 and 2016, the Group purchased a large amount of WiFi equipment for deployments, which generated related input VAT approved by tax authority.

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NOTE 6 – AMOUNTS DUE FROM RELATED-PARTIES

At December 31, 2017 and 2016, amounts due from related parties consisted of the following:

Name of related party	December 31, 2017	December 31, 2016
C Media Limited (1)	\$ 11,760,692	\$ -
Ya Tuo Ji International Consultancy (Beijing) Limited (2)	204,412	183,811

(1) C Media Limited is the parent company of LK Technology. The Group expects the amounts due from the related party will be returned to the Group within one year.

(2) Ya Tuo Ji is a company controlled by the spouse of a major shareholder of C Media Limited. The loan is unsecured, interest-free and repayable on January 5, 2019.

NOTE 7 – PROPERTY AND EQUIPMENT

At December 31, 2017 and 2016, property and equipment consisted of the following:

	Useful life	December 31, 2017	December 31, 2016
WiFi equipment	3 Years	\$ 8,711,424	\$ 8,367,678
Vehicles	5 Years	-	43,246
Office and other equipment	3 – 5 Years	170,242	416,434
Construction-in-progress	-	2,166,452	2,652,288
		<u>11,048,118</u>	<u>11,479,646</u>
Less: accumulated depreciation		(6,003,246)	(3,708,619)
		<u>\$ 5,044,872</u>	<u>\$ 7,771,027</u>

For the years ended December 31, 2017 and 2016, depreciation expense amounted to \$2,628,884 and \$2,474,434, respectively, of which \$2,423,655 and \$2,194,582, respectively, was included in cost of revenue, \$117,648 and \$121,740, respectively, was included in selling and marketing expenses and the remainder was included in general and administrative expense.

Included in construction-in-progress are WiFi equipment under construction.

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NOTE 8 – GOODWILL

In September of 2014, Zhong Chuan Shi Xun acquired a 100% interest in Zhong Chuan Rui You for a consideration of \$7,391,894 (RMB48,000,000). Zhong Chuan Rui You is primarily engaged in on train WiFi business, deploying WiFi equipment on trains and providing passengers with entertainment and information services on trains. The book value of the identifiable net assets of Zhong Chuan Rui You was \$151,958 (RMB963,000) and a goodwill of \$7,239,936 was recorded.

NOTE 9 – ACCRUED LIABILITIES AND OTHER PAYABLES

At December 31, 2017 and 2016, accrued liabilities and other payables consisted of the following:

	December 31, 2017	December 31, 2016
Deferred revenue	\$ 2,326,406	\$ 302,735
Accrued payroll	143,998	316,458
Other taxes payable	3,544,469	461,699
Other payable	852,384	686,526
Other loans	6,095,655	9,562,915
	<u>\$ 12,962,912</u>	<u>\$ 11,329,613</u>

Deferred revenue represents prepayments from customers for advertising service and is recognized as revenue when the advertising services are rendered.

Other loans of \$939,555 and \$57,416, respectively, as of December 31, 2017 and 2016, are unsecured, bear daily interest at 0.04% and are repayable on demand.

NOTE 10 – AMOUNTS DUE TO RELATED PARTIES

At December 31, 2017 and 2016, amounts due to related parties consisted of the following:

Name of related party	December 31, 2017	December 31, 2016
Mr. Song Xuesong (“Mr. Song”) (1)	\$ 2,921,639	\$ 10,669,325
C Media Limited (2)	-	4,855,236
Thumb Beijing Branch (3)	\$ 612,103	\$ 576,560
Thumb Shenzhen Branch (3)	\$ 29,941	\$ 28,202

(1) The Group’s CEO

(2) C Media Limited, the parent company.

(3) Thumb Beijing and Shenzhen Branch are controlled by the spouse of Mr. Song.

Amounts due to related parties are short-term in nature, non-interest bearing, unsecured and payable on demand.

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NOTE 11 – RETIREMENT AND WELFARE BENEFITS

The Group's full-time employees are entitled to staff welfare benefits including medical care, casualty, housing benefits, education benefits, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to accrue the employer-portion for these benefits based on certain percentages of the employees' salaries. The total provision for such employee benefits of \$170,227 and \$353,033 during the years ended December 31, 2017 and 2016, respectively, of which \$23,392 and \$30,455, respectively, was charged to cost of revenue, \$48,957 and \$97,408, respectively was charged to selling and marketing expenses, \$49,717 and \$86,934, respectively, was charged to general and administrative expenses and \$48,161 and \$138,236, respectively was charged to research and development expenses. The Group is required to make contributions to the plan out of the amounts accrued for all staff welfare benefits except for education benefits. The PRC government is responsible for the staff welfare benefits including medical care, casualty, housing benefits, unemployment insurance and pension benefits to be paid to these employees.

NOTE 12 – STATUTORY RESERVES

As stipulated by the relevant law and regulations in the PRC, the Group's subsidiaries and VIEs in the PRC are required to maintain a non-distributable statutory surplus reserve. Appropriations to the statutory surplus reserve are required to be made at not less than 10% of profit after taxes as reported in the subsidiaries' statutory financial statements prepared under the PRC GAAP. Once appropriated, these amounts are not available for future distribution to owners or shareholders. Once the general reserve is accumulated to 50% of the subsidiaries' registered capital, the subsidiaries can choose not to provide more reserves. The statutory reserve may be applied against prior year losses, if any, and may be used for general business expansion and production and increase in registered capital of the subsidiaries. The Group allocated \$Nil to statutory reserves during the years ended December 31, 2017 and 2016, respectively. The statutory reserves cannot be transferred to the Company in the form of loans or advances and are not distributable as cash dividends except in the event of liquidation.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Operating leases

We have entered into operating lease agreements primarily for our office spaces in China. These leases expire through 2018 and are renewable upon negotiation. Future minimum rental payment required under the Office Lease is as follows:

Year ending December 31:	Amount
2018	\$ 122,138

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Contingencies

(a) Litigation with Shanghai Fusheng Weier Intelligent Control Technology Co., Ltd.

On January 22, 2016, Zhong Chuan Rui You and Shanghai Fusheng Weier Intelligent Control Technology Co., Ltd. ("Fusheng Weier") signed a contract for equipment of \$1,652,842 (RMB10,800,000). Since Zhong Chuan Rui You did not make the payments of \$1,126,381 (RMB7,360,000) on the due dates, Fusheng Weier filed a lawsuit against Zhong Chuan Rui You in Shanghai Xuhui District People's Court on October 8, 2016. On March 9, 2017, Xuhui District People's Court issued the verdict requiring Zhong Chuan Rui You to pay the overdue debts. In August 2017, C Media Limited made the payment of \$512,075 (RMB3,346,000). The remaining balance has been accrued in accounts payable. The payment schedule for the remaining balance is being negotiated by the two parties. On February 5, 2018, a hearing was held adding Zhong Chuan Shi Xun as a defendant. The Group plans to settle the remaining balance within one year.

(b) Lawsuit with Gansu Jinlun Culture Media Co., Ltd.

On August 22, 2014, Zhong Chuan Rui You and Gansu Jinlun Culture Media Co., Ltd. ("Gansu Jinlun") signed a "Lanzhou Railway Bureau Air-conditioned Train Wi-Fi Network System Advertising Operation Rights Agreement" for advertising on 72 trains of \$1,467,880 (RMB9,604,633). Due to the dispute on the project implementation, Zhong Chuan Rui You did not pay the advertising fee. On August 23, 2017, Gansu Jinlun filed a lawsuit with Gansu Intermediate People's Court. On December 19, 2017, Gansu Intermediate People's Court issued a verdict, ruling that Zhong Chuan Rui You settle the overdue advertising fee. Since only 18 out of 72 trains have been installed with Wifi network system, Zhong Chuan Rui You disputed and appealed to the verdict. The next court trial date has not yet been determined.

C Media and Gansu Jinlun are negotiating a potential settlement to resume the contract. According to the legal counsel, it is probable that the settlement will amount to approximately \$459,000 (RMB3,000,000); therefore, this amount has been accrued in accounts payable.

(c) Litigation with Shenzhen Hua Xun Fang Zhou Technology Co., Ltd.

On June 16, 2015, Zhong Chuan Rui You signed a cooperation agreement with Shenzhen Hua Xun Fang Zhou Technology Co., Ltd. ("Shenzhen Hua Xun") and Xuesong Song, a major shareholder of C Media Limited. Pursuant to this agreement, Zhong Chuan Rui You procures equipment from Shenzhen Hua Xun. Xuesong Song acts as a joint liability guarantor for the entire debts of Zhong Chuan Rui You under this agreement. As Zhong Chuan Rui You did not make the payments on the due dates, Shenzhen Hua Xun filed a lawsuit with Shenzhen Baoan District People's Court on May 31, 2016. On November 1, 2016, Zhong Chuan Rui You, Xuesong Song and Shenzhen Hua Xun reached a settlement in Shenzhen Baoan District People's Court to settle \$1,735,389 (RMB11,355,000) in four instalments. On December 30, 2017, the debt was assigned to C Media Limited.

NOTE 14 – SUBSEQUENT EVENT

The Group has evaluated all events or transactions that occurred after December 31, 2017 through May 25, 2018, which is the date that the financial statements were available to be issued.

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British Virgin Islands

The BVI Business Companies Act, 2004

(No. 16 of 2004)

Memorandum of Association

and

Articles of Association

of

Luokung Technology Corp.

Incorporated the 24th day of October, 2009

Amended and Restated the 11th Day of December 2009

Amended and Restated the 17th Day of December 2009

Amended and Restated the 25th Day of March 2010

Amended and Restated the 21st day of May 2018

Amended and restated the 17 August 2018

Amended and restated the 21 August 2018



**Portcullis (BVI) Limited
Portcullis Chambers
4th Floor Ellen Skelton Building
3076 Sir Francis Drake Highway
Road Town, Tortola
British Virgin Islands**

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE BVI BUSINESS COMPANIES ACT, 2004

(No. 16 of 2004)

MEMORANDUM OF ASSOCIATION

OF

Luokung Technology Corp.

NAME

1. The name of the Company is **Luokung Technology Corp.**

TYPE OF COMPANY

2. The Company is a company limited by shares.

REGISTERED OFFICE

3. The first Registered Office of the Company is the offices of **Portcullis TrustNet (BVI) Limited, Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands**, the office of the registered agent.

3.1 The current Registered Office of the Company is **Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110.**

REGISTERED AGENT

4. The first Registered Agent of the Company is **Portcullis TrustNet (BVI) Limited of Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.**

4.1 The current Registered Agent of the Company is **Portcullis (BVI) Ltd of Portcullis Chambers, 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110.**

AUTHORISED NUMBER OF SHARES

5. The Company is authorised to issue a maximum of 251,000,000 shares.

CLASSES, NUMBER AND PAR VALUE OF SHARES

6. As at the date of adoption of this memorandum, the Company is authorised to issue (a) 250,000,000 ordinary shares without par value (“**Ordinary Shares**”); and (b) 1,000,000 preferred shares without par value (“**Preferred Shares**”).

FRACTIONAL SHARES

7. The Company may issue fractions of a share and a fractional share shall have the same corresponding fractional liabilities, limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a whole share of the same class or series of shares.

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO SHARES

8. (1) Subject to the memorandum and articles of association (and, for greater clarity, without prejudice to any special rights conferred thereby on the holders of any other shares), an Ordinary Share of the Company confers on the holder;
- (a) the right to one vote at a meeting of the members of the Company or on any Resolution of Members;
 - (b) the right to an equal share in any Distribution paid by the Company; and
 - (c) the right to an equal share in the distribution of the surplus assets of the Company on a winding up.
- (2) Subject to the memorandum and articles of association (and, for greater clarity, without prejudice to any special rights conferred thereby on the holders of any other shares), a Preferred Share of the Company confers on the holder;
- (a) the right to 399 votes at a meeting of the members of the Company or on any Resolution of Members;
 - (b) the right to an equal share in any Distribution paid by the Company;
 - (c) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.
 - (d) be freely transferable, in whole or in part, by Mr. Xuesong Song to any third party through one or more Private Transactions, subject to Applicable Law; and
 - (e) be freely transferable, in whole or in part, by Mr. Xuesong Song to any third party through one or more Public Transactions, subject to Applicable Law and Automatic Conversion of such Preferred Share(s) into Ordinary Share(s).
- (3) The directors may at their discretion by resolution of directors redeem, purchase or otherwise acquire all or any of the shares in the Company subject to the Articles..

VARIATION OF CLASS RIGHTS

9. If at any time the issued shares are divided into different classes or series of shares, the rights attached to any class or series (unless otherwise provided by the terms of issue of the shares of that class or series) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or series and of the holders of not less than three-fourths of the issued shares of any other class or series of shares which may be affected by such variation.

RIGHTS NOT VARIED BY THE ISSUE OF SHARES PARI PASSU

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

CAPACITY AND POWERS

11. Subject to the Act, any other British Virgin Islands legislation and paragraph 12 below the Company has, irrespective of corporate benefit:
- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction;
 - (b) for the purposes of paragraph (a), full rights, powers and privileges; and
 - (c) full powers to issue shares with pre-emptive rights, subject to the Articles.

LIMITATIONS ON THE COMPANY'S BUSINESS

12. For the purposes of section 9(4) of the Act the Company may not;

- (a) carry on banking or trust business, unless it is licensed to do so under the Banks and Trust Companies Act, 1990;
- (b) carry on business as an insurance or reinsurance company, insurance agent or insurance broker, unless it is licensed under the Insurance Act 1994;
- (c) carry on business of company management, unless it is licensed under the Company Management Act, 1990;
- (d) carry on the business of providing the registered office or the registered agent for companies incorporated in the British Virgin Islands;
- (e) carry on the business as a mutual fund, manager of mutual funds or administrator of mutual funds unless it is recognized or licenced as the case may be under the Mutual Funds Act 1996; or
- (f) carry on any other business that gives rise to a licencing requirement under any law for the time being in force in the British Virgin Islands unless it is licenced, regulated, recognised or otherwise approved pursuant to such law.

REGISTERED SHARES AND PROHIBITION ON ISSUE OF BEARER SHARES

13. Shares in the Company may only be issued as registered shares. The issue of shares to bearer is prohibited.

PROHIBITION ON EXCHANGE AND CONVERSION OF REGISTERED SHARES TO BEARER SHARES

14. The exchange or conversion of registered shares to bearer shares is prohibited.

TRANSFER OF REGISTERED SHARES

15. Subject to the provisions of the Articles the Company may upon receipt of an instrument of transfer enter the name of the transferee in the register of members subject to the prior or simultaneous approval of the Company as evidenced by a resolution of directors or by a resolution of members. Subject to any resolution of the members to the contrary, the directors may resolve by resolution of directors to refuse or delay the registration of the transfer for reasons that shall be specified in the resolution of directors.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

- 16.1 The Company may amend its Memorandum or Articles by a resolution of members or by a resolution of directors provided that the directors shall not have the power to amend the Memorandum or Articles;
- (a) to restrict the rights or powers of the members to amend the Memorandum or Articles;
 - (b) to change the percentage of members required to pass a resolution to amend the Memorandum or Articles;
 - (c) in circumstances where the Memorandum or Articles cannot be amended by the members; or
 - (d) to Clauses 8, 9, 10 or this Clause 12.
- 16.2 No amendment may be made to Regulation 76 of the Articles unless approved by an affirmative vote of the holders of 66 ²/₃ percent or more of the outstanding votes of the shares entitled to vote thereon.

DEFINITIONS

17. The meanings of words in this Memorandum are as defined in the Articles.

We, Portcullis TrustNet (BVI) Limited of Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign this Memorandum of Association the 27th day of October, 2009.

Incorporator

/s/ Nicole Wheatley

Portcullis TrustNet (BVI) Limited
Portcullis TrustNet Chambers
P.O. Box 3444
Road Town, Tortola
British Virgin Islands
(Sgd. Nicole Wheatley)

TERRITORY OF THE BRITISH VIRGIN ISLANDS

THE BVI BUSINESS COMPANIES ACT, 2004

(No. 16 of 2004)

ARTICLES OF ASSOCIATION

OF

Luokung Technology Corp.

PRELIMINARY

1. In these Articles, if not inconsistent with the subject or context, the words and expressions standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

<u>Words</u>	<u>Meaning</u>
Applicable Law	all Laws, including those of a jurisdiction in or outside of the United States, applicable to the Private or Public Transactions.
Act	the BVI Business Companies Act, 2004 (No 16 of 2004.) including any modification, extension, re-enactment or renewal thereof and any regulations made thereunder.
Articles	these Articles of Association as originally framed or as from time to time amended.
Automatic Conversion	each Preferred Share shall be automatically converted at any time after issue and without the payment of any additional sum into an equal number of fully paid Ordinary Shares upon the conclusion of any transfer by Mr. Xuesong Song to any third party through one or more Public Transactions.
Designated Stock Exchange	either the Nasdaq National Stock Market, Inc. or such other exchange or quotation bureau on which, the Company's Securities are listed or traded; provided that until the Securities are listed on any such "Exchange" the rules of any such Designated Stock Exchange shall be inapplicable to these Articles.
director	a director of the Company.
distribution	in relation to a distribution by a company to a member, means <ol style="list-style-type: none">(i) the direct or indirect transfer of an asset, other than the Company's own shares, to or for the benefit of the member or(ii) the incurring of a debt to or for the benefit of a member, in relation to shares held by a member, and whether by means of a purchase of an asset, the purchase, redemption or other acquisition of shares, a transfer of indebtedness or otherwise, and includes a dividend.
Independent Director	a person who meets the then current requirements for "independence" of the applicable rules and regulations of the U.S. Securities and Exchange Commission and the Designated Stock Exchange.

member or shareholder	in relation to the Company, means a person whose name is entered in the register of members as the holder of one or more shares, or fractional shares, in the Company.
Memorandum	the Memorandum of Association of the Company as originally framed or as from time to time amended.
Mr. Xuesong Song	the founder, a director and Chairman of LK Technology Ltd.
Ordinary Shares	issued or unissued ordinary shares of no par value of the Company having the rights, preferences and privileges set out in the Memorandum
Person	An individual, a corporation, a trust, trustee, the estate of a deceased individual, a partnership or an unincorporated association of persons.
Preferred Shares	issued or unissued preferred shares of no par value of the Company having the rights, preferences and privileges set out in the Memorandum
Private Transactions	transactions that are not considered as a Public Transaction.
Public Transactions	transactions through any national securities exchanges and/or through the automated quotation system including but not limited to NASDAQ, NYSE (including NYSE American) or OTC Markets, or any transaction executed by the broker or with a market maker.
Related Party	(a) any director, officer and employee of the Company; (b) any family member of such director, officer and employee; and (c) any entity (e.g. a corporation, partnership, or trust) controlled by or set up for the benefit of a director, officer or employee, or a family member of such director, officer or employee.
Relevant System	A facility for the electronic transfer of uncertificated securities administered by The Depository Trust Company or such other Person regulated by the SEC.
resolution of directors	(a) A resolution approved at a duly convened and constituted meeting of directors of the Company or of a committee of directors of the Company by the affirmative vote of a simple majority of the directors present at the meeting who voted and did not abstain; or (b) a resolution consented to in writing by a simple majority of the directors or of all members of the committee, as the case may be; except that where a director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority.
resolution of members	Subject to the provisions of the Memorandum and Articles means: <ol style="list-style-type: none">(a) A resolution approved at a duly convened and constituted meeting of the members of the Company by the affirmative vote of<ol style="list-style-type: none">(i) a majority of in excess of 50% of the votes of the shares entitled to vote and voting on the resolution, or

- (ii) a majority of in excess of 50% of the votes of each class or series of shares entitled to vote as a class or series and voting on the resolution and a majority of in excess of 50% of the votes of the remaining shares entitled to vote and voting on the resolution; or

- (b) a resolution consented to in writing by
- (i) an absolute majority of the votes of shares entitled to vote thereon, or
- (ii) an absolute majority of the votes of each class or series of shares entitled to vote thereon as a class or series and of an absolute majority of the votes of the remaining shares entitled to vote thereon.

Seal	Any Seal which has been duly adopted as the common seal of the Company.
SEC	The United States Securities and Exchange Commission.
Securities	shares and debt obligations of every kind, and options, warrants and rights to acquire shares, or debt obligations.
Shares	Ordinary Shares and/or Preferred Shares, as the case may be.
solvency test	a company satisfies the solvency test if; <p>(i) the value of the company's assets exceeds its liabilities, and</p> <p>(ii) the company is able to pay its debts as they fall due.</p>
treasury shares	shares in the Company that were previously issued but were repurchased, redeemed or otherwise acquired by the Company and not cancelled.

2. "Written" or any term of like import includes words typewritten, printed, painted, engraved, lithographed, photographed or represented or reproduced by any mode of reproducing words in a visible form, including telex, facsimile, telegram, cable or other form of writing produced by electronic communication.
3. Save as aforesaid any words or expressions defined in the Act shall bear the same meaning in these Articles.
4. Whenever the singular or plural number, or the masculine, feminine or neuter gender is used in these Articles, it shall equally, where the context admits, include the others.
5. A reference in these Articles to voting in relation to shares shall be construed as a reference to voting by members holding the shares except that it is the votes allocated to the shares that shall be counted and not the number of members who actually voted and a reference to shares being present at a meeting shall be given a corresponding construction.
6. A reference to money in these Articles is, unless otherwise stated, a reference to the currency in which shares in the Company shall be issued according to the provisions of the Memorandum.

REGISTERED SHARES

7. Every member holding registered shares in the Company shall be entitled to a certificate signed by a director or officer of the Company or such other person who may be authorised from time to time by resolution of directors or under the Seal, with or without the signature of any director of the Company, specifying the share or shares held by him and the signature of the director or officer or person so authorised and the Seal may be facsimiles.
8. Any member receiving a share certificate for registered shares shall indemnify and hold the Company and its directors and officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a share certificate for registered shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a resolution of directors.
9. If several persons are registered as joint holders of any shares, any one of such persons may give an effectual receipt for any distribution payable in respect of such shares.
10. Nothing in these Articles shall require title to any shares or other Securities to be evidenced by a certificate if the Act and the rules of the Designated Stock Exchange permit otherwise.

SHARES AND ISSUED SHARES

11. Subject to the provisions of these Articles and, if applicable, the rules of the Designated Stock Exchange, and any resolution of members, the directors of the Company may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot, grant options over or otherwise dispose of shares to such persons, at such times and upon such terms and conditions as the Company may by resolution of directors determine. The directors shall not issue more shares than the maximum number provided for in the Memorandum.
12. The Company may issue fully paid, partly paid or nil paid shares as well as bonus shares. A partly paid or nil paid share or a share issued for a promissory note or other written obligation for payment of a debt may be issued subject to forfeiture in the manner prescribed in these Articles.
13. Shares in the Company may be issued for consideration in any form, including money, a promissory note or other obligation to contribute money or property, real property, personal property (including goodwill and know-how) services rendered or a contract for future services and the amount of such consideration shall be determined by resolution of directors, except that in the case of shares with par value, the amount shall not be less than the par value, and in the absence of fraud the decision of the directors as to the value of the consideration received by the Company in respect of the issue is conclusive unless a question of law is involved.
14. Before issuing shares for a consideration other than money, the directors shall pass a resolution stating;

- (a) the amount to be credited for the issue of the shares;
 - (b) their determination of the reasonable present cash value of the non-money consideration for the issue; and
 - (c) that, in their opinion, the present cash value of the non-money consideration for the issue is not less than the amount to be credited for the issue of the shares.
15. A share issued by the Company upon conversion of, or in exchange for, another share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the Company in respect of the other share, debt obligation or security.
16. Treasury shares may be disposed of by the Company on such terms and conditions (not otherwise inconsistent with these Articles) as the Company may by resolution of directors determine.
17. Subject to these Articles, the Company may purchase, redeem or otherwise acquire and hold its own shares save that the Company may not purchase, redeem or otherwise acquire its own shares without the consent of the member whose shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted by the Act or any other provision in the Memorandum or Articles to purchase, redeem or otherwise acquire the shares without their consent.

18. No purchase, redemption or other acquisition of shares shall be made unless the directors determine by resolution of the directors that immediately after the purchase, redemption or other acquisition the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
19. Sections 60 (*Process for acquisition of own shares*), 61 (*Offer to one or more shareholders*) and 62 (*Shares redeemed otherwise than at the option of company*) of the Act shall not apply to the Company.
20. A determination by the directors under Article 18 is not required;
- (a) the Company redeems a share or shares pursuant to a right of a member to have his shares redeemed or to have his shares exchanged for money or other property of the Company; or
 - (b) by virtue of the provisions of Section 179 of the Act.
21. Shares that the Company purchases, redeems or otherwise acquires pursuant to Article 17 may be cancelled or held as treasury shares except to the extent that such shares are in excess of 80 percent of the issued shares of the Company in which case they shall be cancelled but they shall be available for reissue.
22. Shares in the Company shall only be held as treasury shares where the directors of the Company resolve as such and the number of shares acquired, when aggregated with shares of the same class already held by the Company as treasury shares, does not exceed 50% of the shares of that class previously issued by the Company, excluding shares that have been cancelled. All rights and obligations attaching to a treasury share are suspended and shall not be exercised by or against the Company while it holds the share as a treasury share. Treasury shares may be reissued by the Company as new shares.
23. The Company shall keep a register of members containing;
- (a) the names and addresses of the persons who hold registered shares in the Company;
 - (b) the number of each class and series of registered shares held by each member;
 - (c) the date on which the name of each member was entered in the register of members;
 - (d) the date on which any person ceased to be a member; and
 - (e) such other information as may be prescribed pursuant to the Act.
24. The register of members may be in any such form as the directors may approve but if it is in magnetic, electronic or other data storage form, the company must be able to produce legible evidence of its contents.
25. The original or a copy of the register of members shall be kept at the registered office of the Company or at the office of the registered agent of the Company.
26. A share is deemed to be issued when the name of the member is entered in the register of members.
27. Subject to the Act and the rules of the Designated Stock Exchange, the board of directors without further consultation with the holders of any shares or Securities may resolve that any class or series of shares or other Securities from time to time in issue or to be issued (including shares in issue at the date of the adoption of these Articles) may be issued, held, registered and converted to uncertificated form.
28. Conversion of shares held in certificated form into shares held in uncertificated form, and vice versa, may be made in such manner as the board of directors, in its absolute discretion, may think fit. The Company or any duly authorised transfer agent (a "**Transfer Agent**") shall enter on the register of members how many shares are held by each member in uncertificated form and in certificated form and shall maintain the register of members. Notwithstanding any provision of these Articles, a class or series of shares shall not be treated as two classes by virtue only of that class or series comprising both certificated shares and uncertificated Shares or as a result of any provision of these Articles which apply only in respect of certificated or uncertificated shares.

MORTGAGES AND CHARGES OF REGISTERED SHARES

29. Members may mortgage or charge their registered shares in the Company with such mortgage or charge being evidenced in writing and signed by, or with the authority of the registered holder of a registered share to which the mortgage or charge relates. The Company shall give effect to the terms of any valid mortgage or charge except insofar as it may conflict with any requirements herein contained for consent to the transfer of shares.

30. In the case of the mortgage or charge of registered shares there may be entered in the share register of the Company at the request of the registered holder of such shares
- (a) a statement that the shares are mortgaged or charged;
 - (b) the name of the mortgagee or chargee; and
 - (c) the date on which the aforesaid particulars are entered in the share register.
31. Where particulars of a mortgage or charge are entered in the register of members, such particulars shall be cancelled
- (a) with the written consent of the named mortgagee or chargee or anyone authorized to act on his behalf; or
 - (b) upon evidence satisfactory to the directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the directors shall consider necessary or desirable.
32. Whilst particulars of a mortgage or charge over registered shares are entered in the register of members pursuant to the preceding articles no transfer of any share comprised therein shall be effected without the written consent of the named mortgagee or chargee or anyone authorized to act on his behalf.

FORFEITURE

33. When shares not fully paid on issue or issued for a promissory note or other written obligation for payment of a debt have been issued subject to forfeiture, the following provisions shall apply.
34. Written notice specifying a date for payment to be made and the shares in respect of which payment is to be made shall be served on the member who defaults in making payment pursuant to a promissory note or other written obligations to pay a debt.
35. The written notice specifying a date for payment shall
- (a) name a further date not earlier than the expiration of 14 days from the date of service of the notice on or before which payment required by the notice is to be made; and
 - (b) contain a statement that in the event of non-payment at or before the time named in the notice the shares, or any of them, in respect of which payment is not made will be liable to be forfeited.
36. Where a written notice has been issued and the requirements of the notice have not been complied with within the prescribed time, the directors may at any time before tender of payment forfeit and cancel the shares to which the notice relates.
37. The Company is under no obligation to refund any moneys to the member whose shares have been forfeited and cancelled pursuant to these provisions. Upon forfeiture and cancellation of the shares the member is discharged from any further obligation to the Company with respect to the shares forfeited and cancelled.

LIEN

38. The Company shall have a first and paramount lien on every share issued for a promissory note or for any other binding obligation to contribute money or property or any combination thereof to the Company, and the Company shall also have a first and paramount lien on every share standing registered in the name of a member, whether singly or jointly with any other person or persons, for all the debts and liabilities of such member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member of the Company or not. The Company's lien on a share shall extend to all distributions payable thereon. The directors may at any time either generally, or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Article.
39. In the absence of express provisions regarding sale in the promissory note or other binding obligation to contribute money or property, the Company may sell, in such manner as the directors may by resolution of directors determine, any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of twenty-one days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the share.
40. The net proceeds of the sale by the Company of any shares on which it has a lien shall be applied in or towards payment of discharge of the promissory note or other binding obligation to contribute money or property or any combination thereof in respect of which the lien exists so far as the same is presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the holder of the share immediately before such sale. For giving effect to any such sale the directors may authorize some person to transfer the share sold to the purchaser thereof. The purchaser shall be registered as the holder of the share and he shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

TRANSFER OF SHARES

41. Registered shares in the Company are transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee. The instrument of transfer shall be signed by the transferee if registration as a holder of the share shall impose a liability to the Company on the transferee. The instrument of transfer of a registered share shall be sent to the Company for registration.
42. The board of directors may resolve that interests in shares in the form of depositary receipts may be transferred or otherwise dealt with in accordance with the regulations and practices instituted by the operator of the Relevant System and any holder of interests in shares shall be entitled to transfer such interests by means of such Relevant System and the operator of the Relevant System shall act as agent of the holders of such interests for the purposes of the transfer of those interests.
43. The register of members may be closed at such times and for such periods as the board of directors may from time to time determine, upon notice being given by advertisement in such newspapers as may be required by the Act and the practice of the Designated Stock Exchange.
44. The transfer of a registered share is effective when the name of the transferee is entered on the register of members.
45. If the directors of the Company are satisfied that an instrument of transfer relating to shares has been signed but that the instrument has been lost or destroyed, they may resolve;

(a) to accept such evidence of the transfer of the shares as they consider appropriate; and

(b) that the transferee's name should be entered in the register of members notwithstanding the absence of the instrument of transfer.

46. The Company must on the receipt of an instrument of transfer from the transferor or transferee of a registered share in the Company enter the name of the transferee of the share in the register or members unless the directors, if permitted by the Memorandum or these Articles, resolve by resolution of directors to refuse or delay the registration of the transfer for reasons that shall be specified in the resolution of directors.

TRANSMISSION OF SHARES

47. The personal representative of a deceased member may transfer a share even though the personal representative is not a member at the time of the transfer.
48. The personal representative, executor or administrator of a deceased member, the guardian of an incompetent member or the trustee of a bankrupt member shall be the only person recognized by the Company as having any title to his share but they shall not be entitled to exercise any rights as a member of the Company until they have proceeded as set forth in the next following three Articles.
49. The production to the Company of any document which is evidence of probate of the will, or letters of administration of the estate, or confirmation as executor, of a deceased member or of the appointment of a guardian of an incompetent member or the trustee of a bankrupt member shall be accepted by the Company even if the deceased, incompetent or bankrupt member is domiciled outside the British Virgin Islands if the document evidencing the grant of probate or letters of administration, confirmation as executor, appointment as guardian or trustee in bankruptcy is issued by a foreign court which had competent jurisdiction in the matter. For the purpose of establishing whether or not a foreign court had competent jurisdiction in such a matter the directors may obtain appropriate legal advice. The directors may also require an indemnity to be given by the executor, administrator, guardian or trustee in bankruptcy.
50. The Company may enter in the register of members the name of any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy upon such evidence being produced as may reasonably be required by the directors.
51. Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.
52. What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

REDUCTION OR INCREASE IN AUTHORISED AND UNISSUED SHARES

48. The Company may amend the Memorandum to increase or reduce the maximum number of shares the Company is authorised to issue and may in respect of any unissued shares increase or reduce the number of such shares, or effect any combination of the foregoing.
49. The Company may
- (1) (a) divide its shares, including issued shares, into a larger number of shares; or (b) combine its shares, including issued shares, into a smaller number of shares.
 - (2) A division or combination of shares, including issued shares, of a class or series shall be for a larger or smaller number, as the case may be, of shares in the same class or series.
 - (3) A company shall not divide its shares under subsection (1)(a) or (2) if it would cause the maximum number of shares that the Company is authorised to issue by its memorandum to be exceeded.
 - (4) Where shares are divided or combined under this article, the aggregate par value of the new shares must be equal to the aggregate par value of the original shares.

MEETINGS AND CONSENTS OF MEMBERS

50. The directors of the Company may convene meetings of the members of the Company at such times and in such manner and places within or outside the British Virgin Islands as the directors consider necessary or desirable. The Company may hold an annual general meeting, but shall not (unless required by the applicable rules of the Designated Stock Exchange for so long as the Company's Securities are listed or traded on the Designated Stock Exchange) be obliged to hold an annual general meeting.
51. Upon the written request of members holding 30 percent or more of the outstanding voting shares in the Company the directors shall convene a meeting of members.

52. The directors shall give not less than 7 days notice of meetings of members to those persons whose names on the date the notice is given appear as members in the share register of the Company and are entitled to vote at the meeting.
53. The directors may fix the date notice is given of a meeting of members as the record date for determining those shares that are entitled to vote at the meeting.
54. A meeting of members may be called on short notice:
- (a) if members holding not less than 90 percent of the total number of shares entitled to vote on all matters to be considered at the meeting, or 90 percent of the votes of each class or series of shares where members are entitled to vote thereon as a class or series together with not less than a 90 percent majority of the remaining votes, have agreed to short notice of the meeting, or
 - (b) if all members holding shares entitled to vote on all or any matters to be considered at the meeting have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute waiver.
55. The inadvertent failure of the directors to give notice of a meeting to a member, or the fact that a member has not received notice, does not invalidate the

meeting.

56. A member may be represented at a meeting of members by a proxy who may speak and vote on behalf of the member.
57. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.
58. An instrument appointing a proxy shall be in substantially the following form or such other form as the Chairman of the meeting shall accept as properly evidencing the wishes of the member appointing the proxy.

(Name of Company)

I/We _____ being a member of the above
Company with _____ shares HEREBY APPOINT
of _____ or failing him
of _____ to be my/our proxy to vote for me/us at the meeting of members to be held on the day
of _____ and at any adjournment thereof.

(Any restrictions on voting to be inserted here.)

Signed this day of _____

Member

59. The following shall apply in respect of joint ownership of shares:
 - a. if two or more persons hold shares jointly each of them may be present in person or by proxy at a meeting of members and may speak as a member;
 - b. if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners, and
 - c. if two or more of the joint owners are present in person or by proxy they must vote as one.
60. A member shall be deemed to be present at a meeting of members if he participates by telephone or other electronic means and all members participating in the meeting are able to hear each other.
61. A meeting of members is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 percent of the votes of the shares or class or series of shares entitled to vote on resolutions of members to be considered at the meeting. If a quorum be present, notwithstanding the fact that such quorum may be represented by only one person then such person may resolve any matter and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy form shall constitute a valid resolution of members.

62. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares or each class or series of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.
63. At every meeting of members, the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting, the members present shall choose some one of their number to be the chairman. If the members are unable to choose a chairman for any reason, then the person representing the greatest number of voting shares present in person or by prescribed form of proxy at the meeting shall preside as chairman failing which the oldest individual member or representative of a member present shall take the chair.
64. The chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
65. At any meeting of the members the chairman shall be responsible for deciding in such manner as he shall consider appropriate whether any resolution has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes thereof. If the chairman shall have any doubt as to the outcome of any resolution put to the vote, he shall cause a poll to be taken of all votes cast upon such resolution, but if the chairman shall fail to take a poll then any member present in person or by proxy who disputes the announcement by the chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall thereupon cause a poll to be taken. If a poll is taken at any meeting, the result thereof shall be duly recorded in the minutes of that meeting by the chairman.
66. Any person other than an individual shall be regarded as one member and subject to the specific provisions hereinafter contained for the appointment of representatives of such persons the right of any individual to speak for or represent such member shall be determined by the law of the jurisdiction where, and by the documents by which, the person is constituted or derives its existence. In case of doubt, the directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the directors may rely and act upon such advice without incurring any liability to any member.
67. Any person other than an individual which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the person which he represents as that person could exercise if it were an individual member of the Company.
68. The chairman of any meeting at which a vote is cast by proxy or on behalf of any person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within 7 days of being so requested or the votes cast by such proxy or on behalf of such person shall be disregarded.
69. Directors of the Company may attend and speak at any meeting of members of the Company and at any separate meeting of the holders of any class or series of shares in the Company.
70. An action that may be taken by the members at a meeting may also be taken by a resolution of members consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication, without the need for any notice, but if any resolution of members is adopted otherwise than by the unanimous written consent of all members, a copy of such resolution shall forthwith be sent to all members not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more members.

DIRECTORS

71. The first directors of the Company shall be appointed by the first registered agent of the Company and thereafter the directors shall be appointed by resolution of members, subject to Article 78, for such term as the members determine. A person shall not be appointed as a director unless he has consented in writing to be a director.
72. The minimum number of directors shall be one and the maximum number shall be 20. Unless otherwise determined by the Company in a meeting of shareholders and subject to the requirements of the Memorandum, the directors may by a Resolution of Directors, amend this Regulation 72 to change the number of directors. For as long as Securities of the Company are listed or traded on the Designated Stock Exchange, the directors shall include such number of Independent Directors as applicable law, rules or regulations of the Designated Stock Exchange may require for a foreign private issuer as long as the Company is a foreign private issuer.
73. Each director shall hold office for the term, if any, fixed by resolution of members or until his earlier death, resignation or removal.
74. Where the Company has only one member who is an individual and that member is also the sole director of the Company, that sole member/director may, by instrument in writing, nominate a person who is not disqualified from being a director of the Company under section 111(1) of the Act as a reserve director of the Company to act in the place of the sole director in the event of his death.
75. The nomination of a person as a reserve director of the Company ceases to have effect if;
- a. before the death of the sole member/director who nominated him;
 - (i) he resigns as reserve director, or
 - (ii) the sole member/director revokes the nomination in writing; or
 - b. the sole member/director who nominated him ceases to be the sole member/director of the Company for any reason other than his death.
76. A director may be removed from office, with or without cause, by a resolution of directors or a resolution of members. For the purposes of this Regulation 76, "cause" means the willful and continuous failure by a director to substantially perform his duties to the Company (other than any such failure resulting from incapacity due to physical or mental illness) or the willful engaging by the director in gross misconduct materially and demonstrably injurious to the Company. If a director is removed from office without cause by a resolution of the members, for the purposes of this Regulation, the resolution of members will require the affirmative vote of the holders of $66 \frac{2}{3}$ percent or more of the outstanding votes of the shares entitled to vote thereon.
77. A director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice. A director of the Company shall resign forthwith if he is, or becomes, disqualified to act as a director under the Act.
78. The directors may at any time by resolution of directors appoint any person to be a director to fill a vacancy. There is a vacancy if a director dies or otherwise ceases to hold office as a director prior to the expiration of his term of office, where his term of office was fixed upon his appointment. The directors may not appoint a director to fill a vacancy for a term exceeding the term that remained when the person who has ceased to be a director left or otherwise ceased to hold office.
79. The Company shall keep a register of directors containing:
- a. the names and addresses of the persons who are directors of the Company or who have been nominated as reserve directors of the Company;
 - b. the date on which each person whose name is entered in the register was appointed as a director of the Company or nominated as a reserve director of the Company;
 - c. the date on which each person named as a director ceased to be a director of the Company;
 - d. the date on which the nomination of any person nominated as a reserve director ceased to have effect; and
 - e. such other information as may be prescribed pursuant to the Act.

80. The original or a copy of any register of directors shall be kept at the office of the registered agent of the Company.
81. The register of directors may be in any such form as the directors may approve but if it is in magnetic, electronic or other data storage form, the company must be able to produce legible evidence of its contents.
82. With the prior or subsequent approval by a resolution of members, the directors may, by a resolution of directors, fix the emoluments of directors with respect to services to be rendered in any capacity to the Company.
83. A director shall not require a share qualification and may be an individual or a company.

POWERS OF DIRECTORS

84. The business and affairs of the Company shall be managed by the directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Act or by the Memorandum or these Articles required to be exercised by the members of the Company, subject to any delegation of such powers as may be authorized by these Articles and to such requirements as may be prescribed by a resolution of members; but no requirement made by a resolution of members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made. Notwithstanding anything in Section 175 of the Act the directors shall have the power to sell, transfer, lease, exchange or otherwise dispose of more than fifty percent of the assets of the Company without submitting a proposal to or obtaining the consent of the members of the Company.
85. If the Company is a wholly-owned subsidiary of a holding company a director may when exercising powers or performing duties as a director act in a manner which he believes is in the best interests of the holding company even though it may not be in the best interests of the Company.

86. The directors may, by a resolution of directors, appoint any person, including a person who is a director, to be an officer or agent of the Company. The resolution of directors appointing an agent may authorize the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.
87. Every officer or agent of the Company has such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the resolution of directors appointing the officer or agent, except that no agent has any power or authority with respect to the following;
- a. to amend the memorandum or articles;
 - b. to change the registered office or agent;
 - c. to designate committees of directors;
 - d. to delegate powers to a committee of directors;
 - e. to appoint or remove directors;
 - f. to appoint or remove an agent;
 - g. to fix emoluments of directors;
 - h. to approve a plan of merger, consolidation or arrangement;
 - i. to make a declaration of solvency for the purposes of section 198(1)(a) of the Act or to approve a liquidation plan;
 - j. to make a determination under section 57(1) of the Act that the company will, immediately after a proposed distribution, satisfy the solvency test; or
 - k. to authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

88. Any director which is a body corporate may appoint any person its duly authorized representative for the purpose of representing it at meetings of the Board of Directors or with respect to unanimous written consents.
89. The continuing directors may act notwithstanding any vacancy in their body, save that if their number is reduced to their knowledge below the number fixed by or pursuant to these Articles as the necessary quorum for a meeting of directors, the continuing directors or director may act only for the purpose of appointing directors to fill any vacancy that has arisen or for summoning a meeting of members.
90. The directors may by resolution of directors exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings and property or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.
91. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by resolution of directors.
92. The Company shall keep a register of all relevant charges created by the Company showing:
- a. if the charge is a charge created by the Company, the date of its creation or if the charge is existing on property acquired by the Company, the date on which the property was acquired;
 - b. a short description of the liability secured by the charge;
 - c. a short description of the property charged;
 - d. the name and address of the trustee for the security, or if there is no such trustee the name and address of the chargee;
 - e. unless the charge is a security to bearer, the name and address of the holder of the charge;
 - f. details of any prohibition or restriction, if any, contained in the instrument creating the charge on the power of the company to create any future charge ranking in priority to or equally with the charge; and
 - g. such other information as may be prescribed pursuant to the Act.
93. The original or a copy of the register of charges shall be kept at the registered office of the Company or at the office of the registered agent of the Company.

PROCEEDINGS OF DIRECTORS

94. The directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the directors may determine to be necessary or desirable. Any one or more directors may convene a meeting of directors.
95. A director shall be deemed to be present at a meeting of directors if he participates by telephone or other electronic means and all directors participating in the meeting are able to hear each other.
96. A director shall be given not less than 3 days notice of meetings of directors, but a meeting of directors held without 3 days notice having been given to all directors shall be valid if all the directors entitled to vote at the meeting who do not attend, waive notice of the meeting and for this purpose, the presence of a director at a meeting shall constitute waiver on his part. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received the notice, does not invalidate the meeting.

97. A director may by a written instrument appoint an alternate who need not be a director and an alternate is entitled to attend meetings in the absence of the

director who appointed him and to vote or consent in place of the director.

98. A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than one half of the total number of directors, unless there are only 2 directors in which case the quorum shall be 2.
99. If the Company shall have only one director the provisions herein contained for meetings of the directors shall not apply but such sole director shall have full power to represent and act for the Company in all matters as are not by the Act or the Memorandum or these Articles required to be exercised by the members of the Company and in lieu of minutes of a meeting shall record in writing and sign a note or memorandum of all matters requiring a resolution of directors. Such a note or memorandum shall constitute sufficient evidence of such resolution for all purposes.
100. At every meeting of the directors the Chairman of the Board of Directors shall preside as chairman of the meeting. If there is no Chairman of the Board of Directors or if the Chairman of the Board of Directors is not present at the meeting the Vice Chairman of the Board of Directors shall preside. If there is no Vice Chairman of the Board of Directors or if the Vice Chairman of the Board of Directors is not present at the meeting the directors present shall choose some one of their number to be chairman of the meeting.
101. An action that may be taken by the directors or a committee of directors at a meeting may also be taken by a resolution of directors or a committee of directors consented to in writing or by telex, telegram, cable, facsimile or other written electronic communication by all directors or all members of the committee as the case may be, without the need for any notice. The consent may be in the form of counterparts, each counterpart being signed by one or more directors.
102. The directors shall cause the following records to be kept:
 - a. minutes of all meetings of directors, members, committees of directors and committees of members; and
 - b. copies of all resolutions consented to by directors, members, committees of directors and committees of members.
103. The resolutions, records and minutes referred to in the preceding Article shall be kept at the registered office of the Company, its principal place of business or at such other place as the directors determine.
104. The directors may, by resolution of directors, designate one or more committees, each consisting of one or more directors.
105. Subject to the following Article, each committee of directors has such powers and authorities of the directors, including the power and authority to affix the Seal, as are set forth in the resolution of directors establishing the committee.
106. The directors have no power to delegate the following powers to a committee of directors;
 - a. to amend the memorandum or articles;
 - b. to change the registered office or agent;
 - c. to designate committees of directors;
 - d. to delegate powers to a committee of directors;
 - e. to appoint or remove directors;
 - f. to appoint or remove an agent;
 - g. to fix emoluments of directors;

- h. to approve a plan of merger, consolidation or arrangement;
- i. to make a declaration of solvency for the purposes of section 198(1)(a) or to approve a liquidation plan;
- j. to make a determination under section 57(1) that the company will, immediately after a proposed distribution, satisfy the solvency test; or
- k. to authorise the company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

Paragraphs (c) and (d) do not prevent a committee of directors, where authorised by the directors, from appointing a sub-committee and delegating powers exercisable by the committee to the sub-committee.

107. The meetings and proceedings of each committee of directors consisting of 2 or more directors shall be governed mutatis mutandis by the provisions of these Articles regulating the proceedings of directors so far as the same are not superseded by any provisions in the resolution establishing the committee.
108. Without prejudice to the freedom of the directors to establish any other committee, if the shares (or depositary receipts therefore) are listed or quoted on the Designated Stock Exchange, and if required by the Designated Stock Exchange, the directors shall establish and maintain an audit committee as a committee of the board of directors, the composition and responsibilities of which shall comply with the rules and regulations of the SEC and the Designated Stock Exchange. The audit committee shall meet at least once every financial quarter, or more frequently as circumstances dictate.
109. The Company shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis. The charter shall specify the responsibilities of the Audit Committee which shall include responsibility for, among other things, ensuring its receipt from the outside auditors of the Company of a formal written statement delineating all relationships between the auditor and the Company, and the Audit Committee's responsibility for actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor take appropriate action to oversee the independence of the outside auditor. In addition, the Audit Committee is responsible for reviewing potential conflict of interest situations and approving all Related Party Transactions.
110. Without prejudice to the freedom of the directors to establish any other committees, the Board may establish a Stock Option Committee to administer the Company's stock option plans, including authority to make and modify awards under such plans. For so long as the Securities of the Company are listed or traded on the Designated Stock Exchange, the Stock Option Committee shall have at least two Independent Directors. The Stock Option Committee will administer the Company's stock option plans, including the authority to make and modify awards under such plans.
111. Without prejudice to the freedom of the directors to establish any other committees, the Board may establish a Nominating Committee to assist the Board in identifying qualified individuals to become members of the Board.

112. The Company may by resolution of directors appoint officers of the Company at such times as shall be considered necessary or expedient. Such officers may consist of a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President and one or more Vice Presidents, Secretaries and Treasurers and such other officers as may from time to time be deemed desirable. Any number of offices may be held by the same person.
113. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of directors or resolution of members, but in the absence of any specific allocation of duties it shall be the responsibility of the Chairman of the Board of Directors to preside at meetings of directors and members, the Vice Chairman to act in the absence of the Chairman, the President to manage the day to day affairs of the Company, the Vice Presidents to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretaries to maintain the share register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the Treasurer to be responsible for the financial affairs of the Company.

114. Subject to the rules of the Designated Stock Exchange, the emoluments of all officers shall be fixed by resolution of directors.
115. The officers of the Company shall hold office until their successors are duly elected and qualified, but any officer elected or appointed by the directors may be removed at any time, with or without cause, by resolution of directors. Any vacancy occurring in any office of the Company may be filled by resolution of directors.

CONFLICT OF INTERESTS

116. A director of the Company shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to all other directors of the Company.
117. A director of the Company is not required to comply with Article 112 if:
- a. the transaction or proposed transaction is between the director and the Company; and
 - b. the transaction or proposed transaction is or is to be entered into in the ordinary course of the company's business and on usual terms and conditions.
118. For the purposes of Article 112 a disclosure to all other directors to the effect that a director is a member, director or officer of another named entity or has a fiduciary relationship with respect to the entity or a named individual and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that entity or individual, is a sufficient disclosure of interest in relation to that transaction.
- 119.A. A director of the Company who is interested in a transaction entered into or to be entered into by the Company may:
- (i) vote on a matter relating to the transaction;
 - (ii) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
 - (iii) sign a document on behalf of the Company, or do any other thing in his capacity as a director, that relates to the transaction,

and, subject to compliance with the Act shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

- 119.B. For so long the Securities of the Company are listed or traded on the Designated Stock Exchange, the Company shall conduct an appropriate review of all material Related Party Transactions on an ongoing basis and shall utilize the Audit Committee for the review and approval of potential conflicts of interest situations.

INDEMNIFICATION

120. Subject to the limitations hereinafter provided the Company may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:
- a. is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or
 - b. is or was, at the request of the Company, serving as a director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise.

121. The Company may only indemnify a person if the person acted honestly and in good faith in what he believed to be in the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.
122. For the purposes of the preceding Article, a director acts in the best interests of the Company if he acts in the best interests of:
- a. the Company's holding company; or
 - b. a shareholder or shareholders of the Company; in either case, in the circumstances specified in Article 85.
123. The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.
124. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

125. Expenses, including legal fees, incurred by a director in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the director to repay the amount if it shall ultimately be determined that the director is not entitled to be indemnified by the Company in accordance with these Articles.
126. Expenses, including legal fees, incurred by a former director in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the former director to repay the amount if it shall ultimately be determined that the director is not entitled to be indemnified by the Company in accordance with these Articles.
127. The indemnification and advancement of expenses provided by, or granted pursuant to, these Articles is not exclusive of any other rights to which the person seeking indemnification or advancement of expenses may be entitled under any agreement, resolution of members, resolution of disinterested directors or otherwise, both as to acting in the person's official capacity and as to acting in another capacity while serving as a director of the Company.
128. If a person to be indemnified has been successful in defence of any proceedings referred to above the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.
129. The Company may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in these Articles.

SEAL

130. The Company shall have a Seal and may have more than one Seal. References herein to the Seal shall be references to every Seal which shall have been duly adopted by resolution of directors. The directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the office of the registered agent of the Company. Except as otherwise expressly provided herein, the Seal when affixed to any written instrument, shall be witnessed and attested to by the signature of a director or any other person so authorized from time to time by resolution of directors. Such authorization may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings. The Directors may provide for a facsimile of the Seal and of the signature of any director or authorized person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been signed as hereinbefore described.

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DISTRIBUTIONS

131. The directors of the Company may by resolution authorise a distribution by the Company at any time and of any amount and to any members they think fit if they are satisfied on reasonable grounds that immediately after the distribution;
- the value of the Company's assets will exceed its liabilities, and
 - the Company will be able to pay its debts as they fall due.
132. A resolution of the directors passed under the preceding Article shall contain a statement that, in the opinion of the directors, immediately after the distribution the value of the Company's assets will exceed its liabilities, and the Company will be able to pay its debts as they fall due.
133. If, after a distribution is authorised and before it is made, the directors cease to be satisfied on reasonable grounds that the Company will, immediately after the distribution satisfy the solvency test, any distribution made by the Company is deemed not to have been authorised.
134. If, by virtue of the preceding Article, a distribution is deemed not to have been authorised, a director who;
- ceased, after authorisation but before the making of the distribution, to be satisfied on reasonable grounds for believing that the company would satisfy the solvency test immediately after the distribution is made; and
 - failed to take reasonable steps to prevent the distribution being made;
- is personally liable to the company to repay to the company so much of the distribution as is not able to be recovered from members.
135. A distribution made to a member at a time when the company did not, immediately after the distribution, satisfy the solvency test may be recovered by the company from the member unless;
- the member received the distribution in good faith and without knowledge of the company's failure to satisfy the solvency test;
 - the member has altered his position in reliance on the validity of the distribution; and
 - it would be unfair to require repayment in full or at all.

DISTRIBUTIONS BY WAY OF DIVIDEND

136. The Company may by a resolution of directors declare a distribution by way of dividend and pay such distribution in money, shares or other property. In the event that distributions by way of dividend are paid in specie the directors shall have responsibility for establishing and recording in the resolution of directors authorizing the distribution by way of dividend, a fair and proper value for the assets to be so distributed.
137. The directors may from time to time pay to the members such interim distributions by way of dividend as appear to the directors to be justified by the profits of the Company.
138. The directors may, before declaring any distribution by way of dividend, set aside out of the profits of the Company such sum as they think proper as a reserve fund, and may invest the sum so set aside as a reserve fund upon such securities as they may select.
139. Notice of any distribution by way of dividend that may have been declared shall be given to each member in the manner hereinafter mentioned and all distributions by way of dividend unclaimed for 3 years after having been declared may be forfeited by resolution of directors for the benefit of the Company.
140. No distribution by way of dividend shall bear interest as against the Company and no distribution by way of dividend shall be paid on treasury shares or shares held by another company of which the Company holds, directly or indirectly, shares having more than 50 percent of the vote in electing directors.

141. A share issued as a distribution by way of dividend by the Company shall be treated for all purposes as having been issued for money equal to the value determined by resolution of the directors. In the absence of fraud the decision of the directors as to the value of the share is conclusive unless a question of law is involved.
142. A division of the issued and outstanding shares of a class or series of shares into a larger number of shares of the same class or series having a proportionately smaller par value does not constitute a distribution by way of dividend of shares.

ACCOUNTS AND AUDIT

143. The Company may by resolution of members call for the directors to prepare periodically a profit and loss account and a balance sheet. The profit and loss account and balance sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for the financial period and a true and fair view of the state of affairs of the Company as at the end of the financial period.
144. The Company may by resolution of members call for the accounts to be examined by auditors.
145. Subject to the rules of the Designated Stock Exchange, the first auditors shall be appointed by resolution of directors; subsequent auditors shall be appointed by the Audit Committee and shall hold office until the Audit Committee appoint another independent auditor.
146. Subject to the rules of the Designated Stock Exchange, the remuneration of the auditors of the Company shall be fixed by the Audit Committee.
147. The auditors shall examine each profit and loss account and balance sheet required to be served on every member of the Company or laid before a meeting of the members of the Company and shall state in a written report whether or not
- a. in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the state of affairs of the Company at the end of that period; and
 - b. all the information and explanations required by the auditors have been obtained.
148. The report of the auditors shall be annexed to the accounts and shall be read at the meeting of members at which the accounts are laid before the Company or shall be served on the members.
149. Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.
150. The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of members of the Company at which the Company's profit and loss account and balance sheet are to be presented.

NOTICES

151. Any notice, information or written statement to be given by the Company to members may be served in any way by which it can reasonably be expected to reach each member or by mail addressed to each member at the address shown in the share register.
152. Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.
153. Service of any summons, notice, order, document, process, information or written statement to be served on the Company may be proved by showing that the summons, notice, order, document, process, information or written statement was delivered to the registered office or the registered agent of the Company or that it was mailed in such time as to admit to its being delivered to the registered office or the registered agent of the Company in the normal course of delivery within the period prescribed for service and was correctly addressed and the postage was prepaid.

PENSION AND SUPERANNUATION FUNDS

154. The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid or who hold or held any salaried employment or office in the Company or such other company, or any persons in whose welfare the Company or any such other company as aforesaid is or has been at any time interested, and to the wives, widows, families and dependents of any such person, and may make payments for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject always to the proposal being approved by resolution of members, a director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension allowance or emolument.

VOLUNTARY WINDING UP AND DISSOLUTION

155. The Company may voluntarily commence to wind up and dissolve by a resolution of members but if the Company has never issued shares it may voluntarily commence to wind up and dissolve by resolution of directors.

CONTINUATION

156. The Company may by resolution of members or by a resolution passed unanimously by all directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

ARBITRATION

157. Whenever any difference arises between the Company on the one hand and any of the members or their executors, administrators or assigns on the other hand, touching the true intent and construction or the incidence or consequences of these Articles or of the Act, touching anything done or executed, omitted or suffered in pursuance of the Act or touching any breach or alleged breach or otherwise relating to the premises or to these Articles, or to any Act or Ordinance affecting the Company or to any of the affairs of the Company such difference shall, unless the parties agree to refer the same to a single arbitrator, be referred to 2 arbitrators one to be chosen by each of the parties to the difference and the arbitrators shall before entering on the reference appoint an umpire.

158. If either party to the reference makes default in appointing an arbitrator either originally or by way of substitution (in the event that an appointed arbitrator shall die, be incapable of acting or refuse to act) for 10 days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.

We, Portcullis TrustNet (BVI) Limited of Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign these Articles of Association the 27th day of October, 2009.

Incorporator

/s/ Nicole Wheatley

Portcullis TrustNet (BVI) Limited
Portcullis TrustNet Chambers
P.O. Box 3444
Road Town, Tortola
British Virgin Islands
(Sgd. Nicole Wheatley)

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EX-4.15 3 f20f2017ex4-15_luokung.htm EXCLUSIVE BUSINESS COOPERATION AGREEMENT BY AND BETWEEN ZHONGCHUAN TIANXIA INFORMATION TECHNOLOGY (SHENZHEN) CO., LTD., AND BEIJING MOBILE VISION TECHNOLOGY CO., LTD., DATED AUGUST 31, 2015

Exhibit 4.15

独家业务合作协议
Exclusive Business Cooperation Agreement

本独家业务合作协议(下称“本协议”)由以下双方于 年 月 日在中华人民共和国(下称“中国”)北京市签署。

This Exclusive Business Cooperation Agreement (this “Agreement”) is made and entered into by and between the following parties on in Beijing, the People’s Republic of China (“China” or the “PRC”).

甲方：中传天下信息科技(深圳)有限公司

Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd.

地址：深圳市南山区高新中三道2号深圳软件园一期五栋401A

Address: 401A, Building 5, Phase 1, Shenzhen Software Park, No.2 Gaoxin Zhongsan Road, Nanshan District, Shenzhen

统一社会信用代码：91440300565701058R

Uniform Social Credit Code: 91440300565701058R

乙方：北京中传视讯科技有限公司

Party B: Beijing Mobile Vision Technology Co., Ltd.

地址：北京市朝阳区光华路9号SOHO3QLAB32

Address: LAB32, SOHO3Q, No 9, Guanghua Road, Chaoyang District, Beijing

统一社会信用代码：9111010576215249XM

Uniform Social Credit Code: 9111010576215249XM

甲方和乙方以下各称为“一方”，统称为“双方”。

Each of Party A and Party B shall be hereinafter referred to as a “Party” respectively, and as “Parties” collectively.

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鉴于：

Whereas,

1. 甲方是一家在中国注册的外商独资企业，拥有丰富的技术研发和产业化推广相关的管理和投资经验，并提供相关的技术支持和咨询服务；
Party A is a wholly-foreign-owned enterprise established in China, which has rich experience in technology research development and industrialization promotion management and investment, and provides relevant technical support and consulting services;
2. 乙方是一家在中国成立的有限责任公司，经中国有关政府部门批准依法主要从事手机视频技术开发、内容制作及市场推广；
Party B is a limited company in China, mainly engages in mobile video technology research, development, content creation, sale and related industrial promotion as approved by the relevant governmental authorities in China;
3. 甲方同意利用其技术、人员和信息优势，在本协议期间向乙方提供有关手机视频技术开发、内容制作及市场推广以及未来扩大业务规模和业务范围时乙方所需的技术支持、技术咨询等相关服务，乙方同意接受甲方或其指定方按本协议条款的规定提供的各种服务。
Party A is willing to provide Party B with technology supports and technology consulting services in connection with mobile video technology research, development, content creation, sale and related industrial promotion and such services in connection with Party B’s extension of business scale or broadening of businesses during the term of this Agreement, utilizing its advantages in technology, human resources, and information, and Party B is willing to accept such services provided by Party A or Party A’s designee(s), each on the terms set forth herein.

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据此，甲方和乙方经协商一致，达成如下协议：

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. 服务提供

Services Provided by Party A

- 1.1 按照本协议条款和条件，乙方在此委任甲方在本协议期间作为乙方的独家服务提供者向乙方提供全面的和手机视频技术开发、内容制作及市场推广相关以及未来扩大业务规模和业务范围时乙方所需的技术支持、业务支持和相关咨询服务，具体内容包括但不限于以下内容：

Party B hereby appoints Party A as Party B’s exclusive services provider to provide Party B with complete technical support, business support

and related consulting services in connection with mobile video technology research, development, content creation, sale and related industrial promotion and such services in connection with Party B's extension of business scale or broadening of businesses during the term of this Agreement, in accordance with the terms and conditions of this Agreement, which may include but not limited to:

- 1.1.1 为乙方提供其手机视频技术开发、内容制作及市场推广业务所需的一切服务支持，为乙方提供相当于包括总经理、行政人员、管理人员、筹划部门、商业运营、人力资源、财务、会计以及与乙方业务相关的一切业务操作所需人员所能提供的服务内容；
managing all aspects of Party B's business of mobile video technology research, development, content creation, sale and related industrial promotion. In this capacity, Party A will procure or engage for Party B the services of a general manager and other management staff, including but not limited to personnel responsible for all administration, operations, planning, business development, human resources, finance, accounting and other operations related to the Business of Party B;

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- 1.1.2 为乙方制定全部的商业计划、销售目标，并为优化执行该等商业计划设计和建立相应的系统及操作程序；
developing all business plans and sales projections of Party B, and for developing and establishing systems and procedures for optimum execution of the business plans;
- 1.1.3 为乙方申请手机视频技术及内容制作相关专利提供咨询服务和支持；
consulting services and support in connection with Party B's applying for mobile video technology related patents and content creation;
- 1.1.4 为乙方手机视频技术产业化发展方向、规模、品牌提升提供咨询服务；
consulting services in connection with the development directions, size and business brands promotion of Party B's mobile video technology industrialization;

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- 1.1.5 为乙方提供与业务相关的办公、生产和销售服务，为乙方租赁场所，建立业务相关的系统和程序，满足乙方的其他要求；
procuring or obtaining for Party B all office, production and distribution services related to the Business. It shall procure or obtain appropriate leases, establish systems and procedures needed to operate the business, fulfill orders for services;
- 1.1.6 尽最大努力为乙方建立手机视频技术销售市场，根据甲方为乙方制定的商业计划及销售目标代表乙方获取客户订单，同时为乙方提供与业务相关的客户服务，建立向客户开具票据的程序和与会计相关的托收服务。
using its best efforts to establish mobile video technology related marketing and other structures to obtain orders for services & products from customers on behalf of Party B in accordance with Party B's business plans, sales projections and objectives (as developed by Party A) and procure or obtain customer services required in connection with the Business. It shall also establish procedures for invoicing customers, and establish collection services with respect to accounts;
- 1.1.7 就乙方的劳动用工方面提供咨询服务和支持，包括但不限于，组织实施对乙方业务人员、行政人员、管理人员等人员进行培训和考核，协助建立健全的人力资源管理制度和实现人力资源的良好配置；
consulting services and support regarding labor system of Party B, including but without limitation to labor training and evaluation of sales person, administrative staff and management person etc. and establishment of human resources management system to well;

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- 1.1.8 提供乙方需要的客户数据统计、分析及相关数据库的建设和维护等咨询服务；
providing Party B with compile and analysis of client data and consulting services of establishment and maintenance of data base;
- 1.1.9 提供乙方需要的软件和相关技术支持服务；
providing software Party B requires and other technical support;
- 1.1.10 接受乙方委托，对乙方的手机视频技术研发和产业化推广业务经营进行指导和管理；
guiding and management on Party B's business of mobile video technology research and development and related industrial promotion operation according to Party B's commission;
- 1.1.11 当乙方业务规模发展或业务范围扩大需要时，购买乙方业务经营需要的设备；
in the event of the demand of Party B's development of business scale or broadening of businesses, purchase the equipments which it needs for the operation of its business;
- 1.1.12 当乙方业务规模发展或业务范围扩大需要时，完成乙方项目中的全部或部分工作；
in the event of the demand of Party B's development of business scale or broadening of businesses, complete the work of Party B's project in whole or in party;

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- 1.1.13 当乙方业务规模发展或业务范围扩大需要时，开发新技术；
in the event of the demand of Party B's development of business scale or broadening of businesses, develop new technology;
- 1.1.14 乙方委托甲方，且甲方接受委托提供的其他服务。
other services Party B appoints Party A to provide and Party A agrees to provide.
- 1.2 乙方接受甲方的咨询和服务。乙方进一步同意，除非经甲方事先书面同意，在本协议期间，就本协议约定的服务或其他事宜，乙方不得直接或间接地从任何第三方获得任何与本协议相同或类似的咨询和/或服务，并不得与任何第三方就本协议所述事项建立任何类似的合作关系。双方同意，甲方可以指定其他方(该被指定方可以与乙方签署本协议第1.3条描述的某些协议)为乙方提供本协议约定的服务和/或支持。

Party B agrees to accept all the consultations and services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar consultations and/or services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may appoint other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with the consultations and/or services under this Agreement.

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1.3 服务的提供方式

Service Providing Methodology

- 1.3.1 双方同意在本协议有效期内, 视情况而定, 乙方可以与甲方或甲方指定的其他方进一步签订技术服务协议和/或咨询服务协议, 对各项业务培训、技术服务、咨询服务的具体内容、方式、人员、收费等进行约定。
Parties agree that during the term of this Agreement, where necessary, Party B may enter into further technical service agreements and/or consulting service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific technical services and consulting services.
- 1.3.2 为更好地履行本协议, 双方同意, 在甲方认为必要时, 乙方应在本协议有效期内与甲方或甲方指定的其他方根据业务进展需要随时签署协议, 由甲方或其指定方向乙方提供服务。
To fulfill this Agreement, Parties agree that during the term of this Agreement, where Party A deems necessary, Party B shall enter into agreements with Party A or any other party designated by Party A which shall set forth that Party A or any other party designated by Party A provide services to Party B based on the needs of the business of Party B.

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2. 服务的价格和支付方式

The Calculation and Payment of the Service Fees

双方同意, 就甲方提供的服务, 乙方应向甲方支付服务费(“服务费”)。服务费不应低于乙方税后利润的80%。服务费应当按季支付; 经甲方事先书面同意, 服务费可以根据乙方的经营需要进行调整。

Both Parties agree that, in consideration of the services provided by Party A, Party B shall pay Party A fees (the “Service Fees”), which shall not be less than 80% of Party B’s after-tax profits. The Service Fees shall be due and payable on a quarterly basis; upon the prior written consent by Party A, the rate of Service Fees may be adjusted pursuant to the operational needs of Party B.

3. 知识产权和保密条款

Intellectual Property Rights and Confidentiality Clauses

- 3.1 在中国法律允许的范围内, 甲方对履行本协议而产生或创造的任何权利、所有权、权益和所有知识产权包括但不限于著作权、专利权、专利申请权、软件、技术秘密、商业秘密及其他均享有独占的和排他的权利和利益。乙方须签署所有适当的文件, 采取所有适当的行动, 递交所有的文件和/或申请, 提供所有适当的协助, 以及做出所有其他依据甲方的自行决定认为是必要的行为, 以将任何对该等知识产权的所有权、权利和权益赋予甲方, 和/或完善对甲方此等知识产权权利的保护。
To the extent permitted under the PRC laws, Party A shall have exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary deemed as by Party A in its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.

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- 3.2 双方承认及确定有关本协议、本协议内容, 以及彼此就准备或履行本协议而交换的任何口头或书面资料均被视为保密信息。双方应当对所有该等保密信息予以保密, 而在未得到另一方书面同意前, 不得向任何第三者披露任何保密信息, 惟下列信息除外: (a) 公众人士知悉或将会知悉的任何信息(惟并非由接受保密信息之一方擅自向公众披露); (b) 根据适用法律法规、股票交易规则、或政府部门或法院的命令而所需披露之任何信息; 或(c) 由任何一方就本协议所述交易而需向其股东、投资者、法律或财务顾问披露之信息, 而该股东、法律或财务顾问亦需遵守与本条款相类似之保密责任。如任何一方工作人员或聘请机构的泄密均视为该方的泄密, 需依本协议承担违约责任。无论本协议以任何理由终止, 本条款仍然生效。

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party’s unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

- 3.3 双方同意, 不论本协议是否变更、解除或终止, 本条款将持续有效。
The Parties agree that this Section shall survive changes to, and rescission or termination of, this Agreement.

4. 陈述和保证

Representations and Warranties

- 4.1 甲方陈述和保证如下:
Party A hereby represents and warrants as follows:
- 4.1.1 甲方是按照中国法律合法注册并有效存续的外商独资企业。

- 4.1.2 甲方已采取必要的公司行为, 获得必要的授权, 并取得第三方和政府部门的同意及批准(若需)以签署和履行本协议; 甲方对本协议的签署和履行并不违反法律法规的明确规定。
Party A has taken all necessary corporate actions, obtained all necessary authorization and the consent and approval from third parties and government agencies (if any) for the execution and performance of this Agreement. Party A's execution and performance of this Agreement do not violate any explicit requirements under any law or regulation binding on Party A.
- 4.1.3 本协议构成对其合法、有效、有约束力并依本协议之条款对其强制执行的义务。
This Agreement constitutes Party A's legal, valid and binding obligations, enforceable in accordance with its terms.
- 4.2 乙方陈述和保证如下:
Party B hereby represents and warrants as follows:
- 4.2.1 乙方是按照中国法律合法登记且有效存续的有限责任公司, 乙方根据政府部门的批准和许可从事手机视频技术开发、内容制作和产业化市场推广的经营。
Party B is a limited company legally registered and validly existing in accordance with the laws of China, engages in mobile video technology research, development, content creation, sale and related industrial promotion pursuant to governmental approvals and permits;

- 4.2.2 乙方已采取必要的行为, 获得必要的授权, 并取得第三方和政府部门的同意及批准(若需)以签署和履行本协议; 乙方对本协议的签署和履行并不违反法律法规的明确规定。
Party B has taken all necessary actions, obtained all necessary authorization and the consent and approval from third parties and government agencies (if any) for the execution and performance of this Agreement. Party B's execution and performance of this Agreement do not violate any explicit requirements under any law or regulation binding on Party B.
- 4.2.3 本协议构成对其合法、有效、有约束力并依本协议之条款对其强制执行的义务。
This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it.

5. **生效和有效期**

Effectiveness and Term

- 5.1 本协议于文首标明的协议日期签署并同时生效。除非依本协议或双方其他协议的约定而提前终止, 本协议有效期为20年, 但甲、乙双方应自本协议签署后, 每3个月对本协议的内容做一次审查, 以决定是否需要根据当时的情况对本协议作出相应修改和补充。
This Agreement is executed on the date first above written and shall take effect as of such date. Unless earlier terminated in accordance with the provisions of this Agreement or relevant agreements separately executed between the Parties, the term of this Agreement shall be 20 years. After the execution of this Agreement, both Parties shall review this Agreement every 3 months to determine whether to amend or supplement the provisions in this Agreement based on the actual circumstances at that time.

- 5.2 协议期满前, 经甲方书面确认, 本协议可以延期。延期的期限由甲方决定, 乙方必须无条件地同意该延期。
The term of this Agreement may be extended if confirmed in writing by Party A prior to the expiration thereof. The extended term shall be determined by Party A, and Party B shall accept such extended term unconditionally.

6. **终止**

Termination

- 6.1 除非依据本协议续期, 本协议于到期之日终止。
Unless renewed in accordance with the relevant terms of this Agreement, this Agreement shall be terminated upon the date of expiration hereof.
- 6.2 本协议有效期内, 除非甲方对乙方有重大过失或存在欺诈行为, 乙方不得提前终止本协议。尽管如此, 甲方可在任何时候通过提前30天向乙方发出书面通知的方式终止本协议。
During the term of this Agreement, unless Party A commits gross negligence, or a fraudulent act, against Party B, Party B shall not terminate this Agreement prior to its expiration date. Nevertheless, Party A shall have the right to terminate this Agreement upon giving 30 days' prior written notice to Party B at any time.
- 6.3 在本协议终止之后, 双方在第3、7和8条项下的权利和义务将继续有效。
The rights and obligations of the Parties under Articles 3, 7 and 8 shall survive the termination of this Agreement.

7. **适用法律和争议解决**

Governing Law and Resolution of Disputes

- 7.1 本协议的订立、效力、解释、履行、修改和终止以及争议的解决适用中国的法律。
The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

7.2 因解释和履行本协议而发生的任何争议，本协议双方应首先通过友好协商的方式加以解决。如果在一方向其他方发出要求 协商解决的书面通知后30天之内争议仍然得不到解决，则任何一方均可将有关争议提交给中国国际经济贸易仲裁委员会，由该会按照其仲裁规则仲裁解决。仲裁应在北京进行，使用之语言为中文。仲裁裁决是终局性的，对各方均有约束力。

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

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7.3 因解释和履行本协议而发生任何争议或任何争议正在进行仲裁时，除争议的事项外，本协议双方仍应继续行使各自在本协议项下的其他权利并履行各自在本协议项下的其他义务。

Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

8. 补偿

Indemnification

就甲方根据本协议向乙方提供的咨询和服务内容所产生或引起的针对甲方的诉讼、请求或其他要求而招致的任何损失、损害、责任或费用都应由乙方补偿给甲方，以使甲方不受损害，除非该损失、损害、责任或费用是因甲方的重大过失或故意而产生的。

Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the consultations and services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

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9. 通知

Notices

9.1 本协议项下要求或发出的所有通知和其他通信应通过专人递送、挂号邮寄、邮资预付或快递服务或传真的方式发到该方下列地址。每一通知还应再以电子邮件送达。该等通知视为有效送达的日期按如下方式确定：

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

9.1.1 通知如果是以专人递送、快递服务或挂号邮寄、邮资预付发出的，则以于设定为通知的地址在接收或拒收之日为有效送达日。

Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

9.1.2 通知如果是以传真发出的，则以成功传送之日为有效送达日(应以自动生成的传送确认信息为证)。

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

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9.2 为通知的目的，双方地址如下：

For the purpose of notices, the addresses of the Parties are as follows:

甲方：中传天下信息科技(深圳)有限公司

Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd.

地址：深圳市南山区高新中三道2号深圳软件园一期五栋401A

Address: 401A, Building 5, Phase 1, Shenzhen Software Park, No.2 Gaoxin Zhongsan Road, Nanshan District, Shenzhen

收件人：洪婷

Attn: Hong Ting

乙方：北京中传视讯科技有限公司

Party B: Beijing Mobile Vision Technology Co., Ltd

地址：北京市朝阳区光华路9号SOHO3QLAB32

Address: LAB32, SOHO3Q, No 9, Guanghua Road, Chaoyang District, Beijing.

收件人：宋雪松

Attn.: Song Xuesong

9.3 任何一方可按本条规定随时给另一方发出通知来改变其接收通知的地址。

Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

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10. 协议的转让

Assignment

10.1 乙方不得将其在本协议项下的权利与义务转让给第三方, 除非事先征得甲方的书面同意。
Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 乙方在此同意, 甲方可以在其需要时向其他第三方转让其在本协议项下的权利和义务, 并在该等转让发生时甲方仅需向乙方发出书面通知, 并且无需再就该等转让征得乙方的同意。
Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party upon a prior written notice to Party B but without the consent of Party B.

11. **协议的分割性**
Severability

如果本协议有任何一条或多条规定根据任何法律或法规在任何方面被裁定为无效、不合法或不可执行, 本协议其余规定的有效性、合法性或可执行性不应因此在任何方面受到影响或损害。双方应通过诚意磋商, 争取以法律许可以及双方期望的最大限度内有效的规定取代那些无效、不合法或不可执行的规定, 而该等有效的规定所产生的经济效果应尽可能与那些无效、不合法或不能强制执行的规定所产生的经济效果相似。

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

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12. **协议的修改、补充**
Amendments and Supplements

双方可以书面协议方式对本协议作出修改和补充。经过双方签署的有关本协议的修改协议和补充协议是本协议组成部分, 具有与本协议同等的法律效力。

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and that relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

13. **语言和副本**
Language and Counterparts

本协议以中文和英文书就, 一式二份, 甲乙双方各持一份, 具有同等效力; 中英文版本如有冲突, 应以中文版为准。

This Agreement is written in both Chinese and English language in two copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

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有鉴于此, 双方已使得经其授权的代表于文首所述日期签署了本独家业务合作协议并即生效, 以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

甲方: 中传天下信息科技(深圳)有限公司(盖章)

Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd.(Seal)

签字:

By: /s/ Hong Ting

姓名: 洪婷

Name: Hong Ting

职务: 总经理

Title: General Manager

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有鉴于此, 双方已使得经其授权的代表于文首所述日期签署了本独家业务合作协议并即生效, 以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

乙方: 北京中传视讯科技有限公司(盖章)

Party B: Beijing Mobile Vision Technology Co., Ltd. (Seal)

签字:

By: /s/ Song Xuesong

姓名: 宋雪松

Name: Song Xuesong

职务: 董事长

Title: Chairman of the Board

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独家购买权协议
Exclusive Option Agreement

本独家购买权协议(下称“本协议”)由以下各方于年月日在中华人民共和国(下称“中国”)北京签订:

This Exclusive Option Agreement (this “Agreement”) is executed by and among the Parties below as of in Beijing, the People’s Republic of China (the “China” or “PRC”):

甲方: 中传天下信息科技(深圳)有限公司, 一家依照中国法律设立和存在的外商独资企业, 地址为深圳市南山区高新中三道2号深圳软件园一期五栋401A;

Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd., a wholly-foreign-owned enterprise organized and existing under the laws of China, with its address at 401A, Building 5, Phase 1, Shenzhen Software Park, No.2 Gaoxin Zhongsan Road, Nanshan District, Shenzhen.

乙方:

Party B:

a) 宋雪松

Song Xuesong

身份证号码: 120112196809040417

ID Card No.: 120112196809040417

住所: 天津市河西区广东路中裕园3-3-702

Address: Zhongyu Yuan 3-3-702, Guangdong Road, Hexi District, Tianjin

b) 陈蔚力

Chen Weili

身份证号码: 120106197309240516

ID Card No.: 120106197309240516

住所: 广东省深圳市宝安区宝城上川路15号

Address: Baocheng Shangchuan Road 15, Baoan District, Shenzhen, Guangdong

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c) 王平

Wang Ping

身份证号码: 35020319691030401x

ID Card No.: 35020319691030401x

住所: 广东省深圳市南山区高新南环路36号彩虹之岸12栋4A

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d) 刘东来

Liu Donglai

身份证号码: 120107196810103912

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住所: 天津市和平区南京路诚基经贸中心1号楼2门1702号

Address: No 1702, Door 2, Build 1, Chengji Economic and Trade Centre, Nanjing Road, Heping District, Tianjin.

丙方: 北京中传视讯科技有限公司, 一家依照中国法律设立和存在的有限责任公司, 地址为北京市朝阳区光华路9号SOHO3QLAB32, 统一社会信用代码为9111010576215249XM;

Party C: Beijing Mobile Vision Technology Co., Ltd., a limited company duly registered in China, with its address at LAB32, SOHO3Q, No 9, Guanghua Road, Chaoyang District, Beijing and its uniform social credit code of 9111010576215249XM.

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在本协议中, 甲方、乙方和丙方以下各称“一方”, 合称“各方”。

In this Agreement, each of Party A, Party B and Party C shall be referred to as a “Party” respectively, and they shall be collectively referred to as the “Parties”.

鉴于, 乙方系丙方股东并合计持有丙方100%股权, 乙方将按本协议之条款授予甲方购买全部或部分该股权的权利。

Whereas, Party B are the shareholders of Party C and jointly hold 100% of the equity interest in Party C, and Party B are willing to grant to Party A the right to acquire such equity interest, in whole or in part, on the terms herein.

现各方协商一致, 达成如下协议:

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. 股权买卖

Sale and Purchase of Equity Interest

1.1 授予权利

Option Granted

乙方在此不可撤销地授予甲方在中国法律允许的前提下, 按照甲方自行决定的行使步骤, 并按照本协议第1.3条所述的价格, 随时一次或多次从乙方购买或指定一人或多人(“被指定人”)从乙方购买其目前和将来所持有的丙方的全部或部分股权(无论乙方出资额和/或持股比例将来是否发生变化)的一项不可撤销的专有权(“股权购买权”)。除甲方和被指定人外, 任何第三人均不得享有股权购买权或其他与乙方股权有关的权利。丙方特此同意乙方向甲方授予股权购买权。本款及本协议所规定的“人”指个人、公司、合营企业、合伙、企业、信托或非公司组织。

Party B hereby irrevocably grant Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “Designee”) to purchase the equity interests in Party C now and in the future held by Party B (regardless whether Party B’s capital contribution amount and/or percentage of shareholding will be changed in the future) once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the “Equity Interest Purchase Option”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with

1.2 行使步骤

Steps for Exercise of Equity Interest Purchase Option

甲方行使其股权购买权以符合中国法律和法规的规定为前提。甲方行使股权购买权时，应向乙方发出书面通知（“股权购买通知”），股权购买通知应载明以下事项：(a)甲方关于行使股权购买权的决定；(b)甲方拟从乙方购买的股权份额（“被购买的股权”）；和(c)被购买的股权的买入日期。

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests.

1.3 股权买价

Equity Interest Purchase Price

被购买的股权的买价（“股权买价”）应是行权当时中国法律允许的最低价格。乙方收到该股权对价后，应当提供给丙方与该股权买价相同金额的借款，该借款的期限为20年，且为无息。乙方应当在该借款期限届满时就该借款放弃对丙方的债权。

The purchase price of the Optioned Interests (the "Equity Interest Purchase Price") shall be the lowest price permitted by the laws of China. After receiving the Equity Interest Purchase Price, Party B shall make an interest-free loan equivalent to the amount of Equity Interest Purchase Price to Party C, of which term is 20 years. Each member of Party B shall give up his/her creditor's right when the loan term expires.

1.4 转让被购买股权

Transfer of Optioned Interests

甲方每次行使股权购买权时：

For each exercise of the Equity Interest Purchase Option:

1.4.1 乙方应责成丙方及时召开股东会会议，在该会议上，应通过批准乙方向甲方和/或被指定人转让被购买的股权的决议；

Party B shall cause Party C to promptly convene a shareholders meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);

1.4.2 乙方应就其向甲方和/或被指定人转让被购买股权取得丙方其他股东同意该转让并放弃优先购买权的书面声明。

Party B shall obtain written statements from the other shareholder of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.

1.4.3 乙方应与甲方和/或(在适用的情况下)被指定人按照本协议及股权购买通知的规定，为每次转让签订股权转让协议；

Party B shall execute a share transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 有关方应签署所有其他所需协议、协议或文件，取得全部所需的政府批准和同意，并采取所有所需行动，在不附带任何担保权益的情况下，将被购买的股权的有效所有权转移给甲方和/或被指定人并使甲方和/或被指定人成为被购买的股权的登记在册所有人。为本款及本协议的目的，“担保权益”包括担保、抵押、第三方权利或权益，任何购股权、收购权、优先购买权、抵销权、所有权扣留或其他担保安排等；但为了明确起见，不包括在本协议、乙方股权质押协议项下产生的任何担保权益。本款及本协议所规定的“乙方股权质押协议”指甲方、乙方和丙方于本协议签署之日签订的股权质押协议，根据股权质押协议，乙方为担保丙方能履行丙方与甲方签订的独家业务合作协议项下的义务，而向甲方质押其在丙方的全部乙方股权。

The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement and Party B's Equity Interest Pledge Agreement. "Party B's Equity Interest Pledge Agreement" as used in this Section and this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date of this Agreement, whereby Party B pledge all of their equity interests in Party C to Party A, in order to guarantee Party C's performance of its obligations under the Exclusive Business Corporation Agreement executed by and between Party C and Party A.

2. 知识产权独家购买权

Exclusive Option regarding the Intellectual Property Rights

2.1 本协议签订之日起，若乙方拟转让、出售或以其他方式处置（任一处置方式以下简称“转让”）其拥有或持有的全部或部分知识产权（以下称“知识产权”，定义见第2.4条），甲方有权独家购买该等知识产权。

From the date hereof, if Party B proposes to transfer, sell or dispose of (each, a "transfer") all or any part of the intellectual property rights owned

- 2.2 若乙方有意转让全部或部分知识产权, 应事先向甲方发出书面通知(“转让通知”), 转让通知应载明以下事项: (a) 乙方关于转让知识产权的意向; (b) 乙方拟转让的知识产权清单(“拟转让知识产权”)及转让的价格和其他条件。转让通知视为乙方向甲方发出的一份要约, 按照该要约, 乙方同意按转让通知中指定的价格条件向甲方转让全部或部分拟转让知识产权。
Prior to Party B proposes to transfer all or any part of its IPR, Party B shall give Party A a written notice (“Transfer Notice”), which shall specify (a) Party B’s intention to make the transfer; (b) the list of IPR to be transferred (“Offered IPR”) and the consideration and other conditions upon which the transfer is to be made. The Transfer Notice constitutes Party B’s offer given to Party A, pursuant to which, Party B agrees to transfer all or any part of its Offered IPR to Party A based on the same conditions described in the Transfer Notice.

- 2.3 甲方收到转让通知后, 有权在30日内选择按照转让通知中列明的转让价格和条件购买拟转让知识产权。如果甲方行使其独家购买权, 双方应于甲方收到转让通知后45日内签订有关的知识产权转让协议, 乙方应办理法律规定的知识产权转让的批准和登记手续。
Party A shall have an option for a period of 30 days from Party A’s receipt of the Transfer Notice to elect to purchase the Offered IPR at the same price and subject to the same conditions as described in the Transfer Notice. If Party A decides to exercise its exclusive option, the parties shall enter into relevant IPR transfer agreement within 45 days upon Party A’s receipt of the Transfer Notice and Party B is responsible to complete all related approvals and registrations formalities as prescribed by the PRC law.
- 2.4 本协议第2条所称“知识产权”指任何知识产权, 包括但不限于著作权、专利权、专利申请权、商标、域名、软件、专有技术, 并包括前述知识产权申请权利以及登记注册的权利, 以及其他所有与前述知识产权有关的权利和权益。
The “IPR” referred to in this Article 2 means any intellectual property rights, including, without limitations, copyrights, patents, patent applications, trademarks, domain names, software and know-how together with (a) all rights to apply for or register any of the foregoing and (b) all other rights and interests to any of the foregoing.

3. 承诺 Covenants

3.1 有关丙方的承诺 Covenants regarding Party C

乙方(作为丙方的股东)和丙方在此承诺:

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 3.1.1 未经甲方的事先书面同意, 不得以任何形式补充、更改或修改丙方公司章程文件, 增加或减少其注册资本, 或以其他方式改变其注册资本结构;
Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 3.1.2 按照良好的财务和商业标准及惯例, 保持其公司的存续, 审慎地及有效地经营其业务和处理事务;
They shall maintain Party C’s corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;
- 3.1.3 未经甲方的事先书面同意, 不在本协议签署之日起的任何时间出售、转让、抵押或以其他方式处置丙方的任何资产、业务或收入的合法或受益权益, 或允许在其上设置任何其他担保权益;
Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 3.1.4 未经甲方的事先书面同意, 不发生、继承、保证或容许存在任何债务, 但(i)正常或日常业务过程中产生而不是通过借款方式产生的债务; 和(ii)已向甲方披露和得到甲方书面同意的债务除外;
Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A’s written consent has been obtained;

- 3.1.5 一直在正常业务过程中经营所有业务, 以保持丙方的资产价值, 不进行任何足以影响其经营状况和资产价值的作为/不作为;
They shall always operate all of Party C’s businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C’s operating status and asset value;
- 3.1.6 未经甲方的事先书面同意, 不得让丙方签订任何重大协议, 但在正常业务过程中签订的协议除外(就本段而言, 如果一份协议的价值超过【人民币10万元】, 即被视为重大协议);
Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB 100,000 shall be deemed a major contract);
- 3.1.7 未经甲方的事先书面同意, 丙方不得向任何人提供贷款或信贷;
Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 3.1.8 应甲方要求, 向其提供所有关于丙方的营运和财务状况的资料;
They shall provide Party A with information on Party C’s business operations and financial condition at Party A’s request;

- 3.1.9 如甲方提出要求, 丙方应从甲方接受的保险公司处购买和持有有关其资产和业务的保险, 该保险的金额和险种应与经营类似业务的公司一致;
If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 3.1.10 未经甲方的事先书面同意, 丙方不得与任何人合并或联合, 或对任何人进行收购或投资;
Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 3.1.11 将发生的或可能发生的与丙方资产、业务或收入有关的诉讼、仲裁或行政程序立即通知甲方;
They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 3.1.12 为保持丙方对其全部资产的所有权, 签署所有必要或适当的文件, 采取所有必要或适当的行动和提出所有必要或适当的控告或对所有索偿进行必要和适当的抗辩;
To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 3.1.13 未经甲方事先书面同意, 不得以任何形式派发股息予各股东, 但一经甲方要求, 丙方应立即将其所有可分配利润全部立即分配给其各股东; 及
Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 3.1.14 根据甲方的要求, 委任由其指定的任何人士出任丙方的董事和/或执行董事。
At the request of Party A, they shall appoint any persons designated by Party A as the director and/or executive director of Party C.

3.2 乙方和丙方的承诺
Covenants of Party B and Party C

乙方承诺:
Party B hereby covenant as follows:

- 3.2.1 未经甲方的事先书面同意, 不出售、转让、抵押或以其他方式处置其拥有的丙方的股权的合法或受益权益, 或允许在其上设置任何其他担保权益, 但根据乙方签署的《股权质押协议》在该股权上设置的质押则除外;
Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the pledge placed on these equity interests in accordance with Party B's Equity Interest Pledge Agreement;

- 3.2.2 促使丙方股东会 and/或执行董事不批准在未经甲方的事先书面同意的情况下, 出售、转让、抵押或以其他方式处置任何乙方持有之丙方的股权的合法权益或受益权, 或允许在其上设置任何其他担保权益, 但批准根据乙方签署的《股权质押协议》在乙方股权上设置的质押则除外;
Party B shall cause the shareholders' meeting and/or the executive director of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the pledge placed on these equity interests in accordance with Party B's Equity Interest Pledge Agreement;
- 3.2.3 未经甲方的事先书面同意的情况下, 对于丙方与任何人合并或联合, 或对任何人进行收购或投资, 乙方将促成丙方股东会或执行董事不予批准;
Party B shall cause the shareholders' meeting or the executive director of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 3.2.4 将发生的或可能发生的任何关于其所拥有的股权的诉讼、仲裁或行政程序立即通知甲方;
Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;

- 3.2.5 促使丙方股东会或执行董事表决赞成本协议规定的被购买的股权的转让并应甲方之要求采取其他任何行动;
Party B shall cause the shareholders' meeting or the executive director of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 3.2.6 为保持其对股权的所有权, 签署所有必要或适当的文件, 采取所有必要或适当的行动和提出所有必要或适当的控告或对所有索偿进行必要和适当的抗辩;
To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 3.2.7 应甲方的要求, 委任由其指定的任何人士出任丙方的董事和/或执行董事;
Party B shall appoint any designee of Party A as the director and/or executive director of Party C, at the request of Party A;
- 3.2.8 经甲方随时要求, 应向其指定的代表在任何时间无条件地根据本协议的股权购买权立即转让其股权, 并放弃其对其他现有股东进行上述股权转让所享有的优先购买权(如有的话); 和
At the request of Party A at any time, Party B shall promptly and unconditionally transfer its equity interests in Party C to Party A's Designee(s) in accordance with the Equity Interest Purchase Option under this Agreement, and Party B hereby waives its right of first refusal (if any) to the share transfer by the other existing shareholder of Party C (if any); and

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- 3.2.9 严格遵守本协议及各方共同或分别签订的其他协议的各项规定, 切实履行该等协议项下的各项义务, 并不进行任何足以影响该等协议的有效性和可执行性的作为/不作为。如果乙方对于本协议项下或乙方股权质押协议下或对甲方的授权委托书中的股权, 还留存有任何权利, 除非甲方书面指示, 否则乙方仍不得行使该权利。
Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

4. **陈述和保证**

Representations and Warranties

乙方和丙方特此在本协议签署之日和每一个转让日向甲方共同及分别陈述和保证如下:

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 4.1 其具有签订和交付本协议和其为一方的、根据本协议为每一次转让被购买的股权而签订的任何股权转让协议(各称为“转让协议”), 并履行其在本协议和任何转让协议项下的义务的权力和能力。乙方和丙方同意在甲方行使购买权时, 他们将签署与本协议条款一致的转让协议。本协议和其是一方的各转让协议一旦签署后, 构成或将其构成合法、有效及具有约束力的义务并可按照其条款对其强制执行;
They have the authority to execute and deliver this Agreement and any share transfer contracts to which they are a party concerning the Optioned Interests to be transferred thereunder (each, a “Transfer Contracts”), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are a party constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;

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- 4.2 无论是本协议或任何转让协议的签署和交付还是其在本协议或任何转让协议项下的义务的履行均不会: (i) 导致违反任何有关的中国法律; (ii) 与丙方章程或其他组织文件相抵触; (iii) 导致违反其是一方或对其有约束力的任何协议或文件, 或构成其是一方或对其有约束力的任何协议或文件项下的违约; (iv) 导致违反有关向任何一方颁发的任何许可或批准的授予和(或)继续有效的任何条件; 或(v) 导致向任何一方颁发的任何许可或批准中止或被撤销或附加条件;
The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 4.3 乙方对其在丙方拥有的股权拥有良好和可出售的所有权, 除乙方签署的《股权质押协议》外, 乙方在上述股权上没有设置任何担保权益;
Party B have a good and merchantable title to the equity interests in Party C they hold. Except for Party B's Equity Interest Pledge Agreement, Party B have not placed any security interest on such equity interests;

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- 4.4 目前没有悬而未决的或构成威胁的与丙方的股权、丙方资产有关的或与丙方有关的诉讼、仲裁或行政程序。
There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

5. **生效日**

Effective Date

- 5.1 本协议于各方签署本协议之日生效, 有效期10年, 经甲方选择可再延长10年。
This Agreement shall become effective upon the date hereof, and remain effective for a term of 10 years, and may be renewed for an additional 10 years at Party A's election.
- 5.2 若丙方股东发生变化, 由新股东签署此协议, 在此协议签署之日, 原协议自动视为无效。
In the event of a change in the shareholders of Party C, the new shareholder should sign this agreement and the original agreement will automatically be deemed invalid on the date of signing of this agreement.

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6. **适用法律与争议解决**
Governing Law and Resolution of Disputes

6.1 **适用法律**
Governing law

本协议的订立、效力、解释、履行、修改和终止以及争议解决均适用中国正式公布并可公开得到的法律。对中国正式公布并可公开得到的法律没有规定的事项，将适用国际法律原则和惯例。

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the formally published and publicly available laws of China. Matters not covered by formally published and publicly available laws of China shall be governed by international legal principles and practices.

6.2 **争议的解决方法**
Methods of Resolution of Disputes

因解释和履行本协议而发生的任何争议，本协议各方应首先通过友好协商的方式加以解决。如果在一方向其他方发出要求协商解决的书面通知后30天之内争议仍然得不到解决，则任何一方均可将有关争议提交给中国国际经济贸易仲裁委员会，由该会按照其届时有效的仲裁规则仲裁解决。仲裁应在北京进行，使用之语言为中文。仲裁裁决是终局性的，对各方均有约束力。

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

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7. **税款、费用**
Taxes and Fees

每一方应承担根据中国法律因准备和签署本协议和各转让协议以及完成本协议和各转让协议拟定的交易而由该方发生的或对其征收的任何和全部的转让和注册的税、花费和费用。

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

8. **通知**
Notices

8.1 本协议项下要求或发出的所有通知和其他通信应通过专人递送、挂号邮寄、邮资预付或商业快递服务或传真的方式发到该方下列地址。每一通知还应再以电子邮件送达。该等通知视为有效送达的日期按如下方式确定：

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

8.1.1 通知如果是以专人递送、快递服务或挂号邮寄、邮资预付发出的，则以于设定为通知的地址在接收或拒收之日为有效送达日。

Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

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8.1.2 通知如果是以传真发出的，则以成功传送之日为有效送达日(应以自动生成的传送确认信息为证)。

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

8.2 为通知的目的，各方地址如下：

For the purpose of notices, the addresses of the Parties are as follows:

甲方： 中传天下信息科技(深圳)有限公司

Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd.

地址： 深圳市南山区高新中三道2号深圳软件园一期五栋401A

Address: 401A, Building 5, Phase 1, Shenzhen Software Park, No.2 Gaoxin Zhongsan Road, Nanshan District, Shenzhen.

收件人： 洪婷

Attn: Hong Ting

乙方：

Party B:

宋雪松

Song Xuesong

住所： 天津市河西区广东路中裕园3-3-702

Address: Zhongyu Yuan 3-3-702, Guangdong Road, Hexi District, Tianjin

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陈蔚力
Chen Weili

住所: 广东省深圳市宝安区宝城上川路15号
Address: Baocheng Shangchuan Road 15, Baoan District, Shenzhen, Guangdong

王平
Wang Ping

住所: 广东省深圳市南山区高新南环路36号彩虹之岸12栋4A
Address: Caihong Zhi'an Building No.12 Suite 4A, Gaoxin Nanhuan Road 36, Nanshan District, Shenzhen, Guangdong

刘东来
Liu Donglai

住所: 天津市和平区南京路诚基经贸中心1号楼2门1702号
Address: No 1702, Door 2, Build 1, Chengji Economic and Trade Centre, Nanjing Road, Heping District, Tianjin.

丙方: 北京中传视讯科技有限公司
Party C: Beijing Mobile Vision Technology Co., Ltd.

地址: 北京市朝阳区光华路9号SOHO3QLAB32
Address: LAB32, SOHO3Q, No 9, Guanghua Road, Chaoyang District, Beijing .

收件人: 宋雪松
Attn: Song Xuesong

- 8.3 任何一方可按本条规定随时给其他方发出通知来改变其接收通知的地址。
Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

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9. 保密责任 Confidentiality

各方承认及确定彼此就有关本协议而交换的任何口头或书面资料均属机密资料。各方应当对所有该等资料予以保密,而在未得其他方书面同意前,不得向任何第三者披露任何有关资料,惟下列情况除外:(a)公众人士知悉或将会知悉该等资料(并非由接受资料之一方擅自向公众披露);(b)适用法律法规或股票交易的规则或规例所需披露之资料;或(c)由任何一方就本协议所述交易而需向其法律或财务顾问披露之资料而该法律或财务顾问亦需遵守与本条款相类似之保密责任。如任何一方工作人员或聘请机构的泄密均视为该方的泄密,需依本协议承担违约责任。无论本协议以任何理由终止,本条款仍然生效。

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. Each Party shall maintain the confidentiality of all such information, and without obtaining the written consent of other Parties, it shall not disclose any relevant information to any third parties, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

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10. 进一步保证 Further Warranties

各方同意迅速签署为执行本协议的各项规定和目的而合理需要的或对其有利的文件,以及为执行本协议的各项规定和目的而采取合理需要的或对其有利的进一步行动。

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

11. 其他 Miscellaneous

11.1 修订、修改与补充 Amendment, change and supplement

对本协议作出修订、修改与补充,必须经每一方签署书面协议。
Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 完整协议 Entire agreement

除了在本协议签署后所作出的书面修订、补充或修改以外,本协议构成本协议各方就本协议标的物所达成的完整协议,取代在此之前就本协议标的物所达成的所有口头或书面的协商、陈述和协议。Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 标题
Headings

本协议的标题仅为方便阅读而设，不应被用来解释、说明或在其他方面影响本协议各项规定的含义。

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 语言
Language

本协议以中文和英文书就，一式八份，乙方共计六名股东以及甲方、丙方各持一份，具有同等效力；中英文版本如有冲突，应以中文版为准。

This Agreement is written in both Chinese and English language in eight copies, the 6 shareholders of Party B, Party A and Party C having one copy with equal legal validity respectively; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 可分割性
Severability

如果本协议有任何一条或多条规定根据任何法律或法规在任何方面被裁定为无效、不合法或不可执行，本协议其余规定的有效性、合法性或可执行性不应因此在任何方面受到影响或损害。各方应通过诚意磋商，争取以法律许可以及各方期望的最大限度内有效的规定取代那些无效、不合法或不可执行的规定，而该等有效的规定所产生的经济效果应尽可能与那些无效、不合法或不能强制执行的规定所产生的经济效果相似。

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 继任者
Successors

本协议对各方各自的继任者和各方所允许的受让方应具有约束力并对其有利。

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 继续有效
Survival

11.7.1 协议期满或提前终止前因本协议而发生的或到期的任何义务在本协议期满或提前终止后继续有效。

Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 本协议第5、6、9条和本第11.7条的规定在本协议终止后继续有效。

The provisions of Articles 5, 6, 9 and this Section 11.7 shall survive the termination of this Agreement.

11.8 弃权
Waivers

任何一方可以对本协议的条款和条件作出弃权，但必须经书面作出并经各方签字。一方在某种情况下就其他方的违约所作的弃权不应被视为该方在其他情况下就类似的违约已经对其他方作出弃权。

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

本页其余部分刻意留为空白
The Remainder of this page is intentionally left blank

有鉴于此，各方已自行或使其各自授权代表于文首所载日期签署本独家购买权协议。

IN WITNESS WHEREOF, the Parties have executed, or caused their respective duly authorized representatives to execute, this Exclusive Option Agreement as of the date first above written.

甲方：中传天下信息科技（深圳）有限公司（盖章）

Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd. (Seal)

签字：

By: /s/ Hong Ting

姓名：洪婷

Name: Hong Ting

职务：总经理

Title: General Manager

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有鉴于此, 各方已自行或使得其各自授权代表于文首所载日期签署本独家购买权协议。

IN WITNESS WHEREOF, the Parties have executed, or caused their respective duly authorized representatives to execute, this Exclusive Option Agreement as of the date first above written.

乙方:

Party B:

宋雪松

Song Xuesong

签字:

By: /s/ Song Xuesong

秘密文件 Strictly Confidential

有鉴于此, 各方已自行或使得其各自授权代表于文首所载日期签署本独家购买权协议。

IN WITNESS WHEREOF, the Parties have executed, or caused their respective duly authorized representatives to execute, this Exclusive Option Agreement as of the date first above written.

乙方:

Party B:

陈蔚力

Chen Weili

签字:

By: /s/ Chen Weili

秘密文件 Strictly Confidential

有鉴于此, 各方已自行或使得其各自授权代表于文首所载日期签署本独家购买权协议。

IN WITNESS WHEREOF, the Parties have executed, or caused their respective duly authorized representatives to execute, this Exclusive Option Agreement as of the date first above written.

乙方:

Party B:

王平

Wang Ping

签字:

By: /s/ Wang Ping

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有鉴于此, 各方已自行或使得其各自授权代表于文首所载日期签署本独家购买权协议。

IN WITNESS WHEREOF, the Parties have executed, or caused their respective duly authorized representatives to execute, this Exclusive Option Agreement as of the date first above written.

乙方:

Party B:

刘东来

Liu Donglai

签字:

By: /s/ Liu Donglai

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有鉴于此, 各方已自行或使得其各自授权代表于文首所载日期签署本独家购买权协议。

丙方：北京中传视讯科技有限公司(盖章)
Party B: Beijing Mobile Vision Technology Co., Ltd. (Seal)

签字：
By: /s/ Song Xuesong

姓名：宋雪松
Name: Song Xuesong

职务：董事长
Title: Chairman of the Board

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EX-4.17 5 f20f2017ex4-17_luokung.htm EQUITY INTEREST PLEDGE AGREEMENT BY AND AMONG ZHONGCHUAN TIANXIA INFORMATION TECHNOLOGY (SHENZHEN) CO., LTD., XUESONG SONG, WEILI CHEN, PING WANG, DONGLAI LIU, AND BEIJING MOBILE VISION TECHNOLOGY CO., LTD., DATED AUGUST 31, 2015

Exhibit 4.17

股权质押协议
Equity Interest Pledge Agreement

本股权质押协议(下称“本协议”)由下列各方于 年 月 日在中华人民共和国(下称“中国”)北京签订：
This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on _____ in Beijing, the People's Republic of China (the "China" or "PRC"):

甲方：中传天下信息科技(深圳)有限公司(下称“质权人”)
Party A: Zhongchuan Tianxia Information Technology (Beijing) Co., Ltd. ("Pledgee")
地址：深圳市南山区高新中三道2号深圳软件园一期五栋401A
Address: 401A, Building 5, Phase 1, Shenzhen Software Park, No.2 Gaoxin Zhongsan Road, Nanshan District, Shenzhen
统一社会信用代码：91440300565701058R
Uniform Social Credit Code: 91440300565701058R

乙方(下称“出质人”)：
Party B ("Pledgors"):

a) 宋雪松
Song Xuesong
身份证号码：
ID Card No.:

b) 陈蔚力
Chen Weili
身份证号码：
ID Card No.:

c) 王平
Wang Ping
身份证号码：
ID Card No.:

d) 刘东来
Liu Donglai
身份证号码：
ID Card No.:

丙方：北京中传视讯科技有限公司
Party C: Beijing Mobile Vision Technology Co., Ltd.
地址：北京市朝阳区光华路9号SOHO3QLAB32
Address: LAB32, SOHO3Q, No 9, Guanghua Road, Chaoyang District, Beijing
统一社会信用代码：9111010576215249XM
Uniform Social Credit Code: 9111010576215249XM

在本协议中，质权人、出质人和丙方以下各称“一方”，合称“各方”。
In this Agreement, each of Pledgee, Pledgors and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

鉴于：
Whereas:

- 出质人全部为中国境内居民自然人，共同持有丙方100%的股权。丙方是一家在中国注册成立的、主要从事手机视频技术研发、内容制作和产业化市场推广的有限责任公司。丙方有意在此确认出质人和质权人在本协议下的权利和义务并提供必要的协助登记该质权；
All of the Pledgors are natural persons resided in PRC, and collectively hold 100% of the equity interest in Party C. Party C is a limited company registered in China, mainly engaging in mobile video frequency technology research, development, content creation, sale and related industrialization promotion. Party C acknowledges the respective rights and obligations of Pledgors and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;
- 质权人是一家在中国注册的外商独资企业。质权人与丙方于 年 月 日签订了独家业务合作协议；
Pledgee is a wholly-foreign-owned enterprise registered in China. Pledgee and Party C have executed an Exclusive Business Cooperation Agreement as of [*],

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3. 为了保证丙方全面履行独家业务合作协议项下的义务，出质人以其拥有的全部丙方股权向质权人做出质押担保。
To ensure that Party C fully performs its obligations under the Exclusive Business Cooperation Agreement, Pledgors hereby pledge to the Pledgee all of the equity interests they hold in Party C.

为了履行业务合作协议的条款，各方商定按照以下条款签订本协议。

To perform the provisions of the Business Cooperation Agreement, the Parties have mutually agreed to execute this Agreement upon the following terms.

1. 定义

Definitions

除非本协议另有规定，下列词语含义为：

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 质权：指出质人根据本协议第2条给予质权人的担保物权，即指质权人所享有的，以出质人质押给质权人的股权折价或拍卖、变卖该股权的价款优先受偿的权利。
Pledge: shall refer to the security interest granted by Pledgors to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 股权：指出质人现在和将来(通过增资和/或转股)合法持有的其在丙方的全部股权权益。
Equity Interest: shall refer to all of the equity interest in Party C lawfully, held now and to be held (through capital increase and/or equity transfer) hereafter by Pledgors.
- 1.3 质押期限：指本协议第3条规定的期间。
Term of Pledge: shall refer to the term set forth in Article 3 of this Agreement.
- 1.4 业务合作协议：指丙方与质权人于本协议日签订的独家业务合作协议。
Business Cooperation Agreement: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on the date of this Agreement.
- 1.5 违约事件：指本协议第7条所列任何情况。
Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.6 违约通知：指质权人根据本协议发出的宣布违约事件的通知。
Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. 质权

The Pledge

作为丙方按时和全额支付业务合作协议项下质权人应得的任何或全部的款项，包括但不限于业务合作协议中规定的咨询和服务费的担保(无论该等费用的到期应付是由于到期日的到来、提前收款的要求或其它原因)，以及丙方充分履行其在业务合作协议项下其他所有义务(丙方按时和全额支付业务合作协议项下甲方应得的任何或全部的款项及丙方在业务合作协议项下其他所有义务，以下统称为“被担保债务”)的担保，出质人特此将其现有或将拥有的丙方的全部股权权益质押给质权人。

As collateral security for the timely and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of any or all of the payments due (the “all payments in pledge”) by Party C, including without limitation the consulting and services fees payable to the Pledgee under the Business Cooperation Agreement, Pledgors hereby pledge to Pledgee a first security interest in all of Pledgors’ right, title and interest, whether now owned or hereafter acquired by Pledgors, in the Equity Interest of Party C.

3. 质押期限

Term of Pledge

- 3.1 本质权自本协议项下的股权出质在相应的工商行政管理机关登记之日起生效，质权有效期持续到业务合作协议下所有丙方欠付质权人的款项结清为止。出质人和丙方应(一)自本协议签署之日起3个工作日内，将本协议的质权登记在丙方股东名册上，并(二)自本协议签署之日起10个工作日内向相应的工商行政管理机关申请登记本协议项下的质权。各方共同确认，为办理股权质押工商登记手续，各方及丙方其他股东应按照丙方所在地工商行政管理部门要求的形式签署、真实反映本协议项下质权信息的《股权质押合同》(以下简称“工商登记质押合同”)提交给工商管理机关，工商登记质押合同中未约定事项，仍以本协议约定为准。出质人和丙方应当按照中国法律法规和有关工商行政管理机关的各项要求，提交所有必要的文件并办理所有必要手续，保证质权在递交申请后尽快获得登记。如果出质人持有的丙方注册资本数额增加(不管是通过直接认缴丙方的增资还是从其他股东处受让股权)，各方一致同意将采取一切必要的行动和签署一切必要的文件以按照登记机关的要求完成质权的变更登记，以确保本协议项下的质权的持续有效。

The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered’ with relevant administration for industry and commerce (the “AIC”). The Pledge shall be continuously valid until all payments due under the Business Cooperation Agreement have been fulfilled by Party C. Pledgors and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 10 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC the Equity Interest Pledge Contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the “AIC Pledge Contract”). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgors and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing. In the event that the amount of registered capital held by Pledgors is increased (either by subscribing increased registered capital from Party C or acquiring equity interest from other shareholders), the Parties hereto agree that they shall take any necessary action and execute any necessary document to complete the registration of change of Pledge according to the requirement of AIC so that the Pledge in this Agreement remains effective.

- 3.2 质押期限内,如丙方未按业务合作协议交付咨询服务费等费用,质权人有权但无义务按本协议的规定处分质权。
During the Term of Pledge, in the event Party C fails to pay the exclusive consulting or service fees in accordance with the Business Cooperation Agreement, Pledgee shall have the right, but not the obligation, to dispose of the Pledge in accordance with the provisions of this Agreement.

4. 质权凭证的保管

Custody of Records for Equity Interest subject to Pledge

- 4.1 在本协议规定的质押期限内,出质人应将其在丙方的股权出质证明书及记载质权的股东名册交付质权人保管。出质人应在本协议签订之日起一周内将上述股权出质证明书及股东名册交付给质权人。质权人将在本协议规定的全部质押期间一直保管这些项目。
During the Term of Pledge set forth in this Agreement, Pledgors shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such items during the entire Term of Pledge set forth in this Agreement.
- 4.2 在质押期限内,股权所产生的红利应当无条件归质权人所有。
Dividends generated by the Equity Interest shall be unconditionally owned by the Pledgee during the Term of Pledge.

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秘密文件 Strictly Confidential

5. 出质人的声明和保证

Representations and Warranties of Pledgors

- 5.1 出质人是股权唯一的合法所有人。
Pledgors are the sole legal and beneficial owners of the Equity Interest.
- 5.2 质权人有权以本协议规定的方式处分并转让股权。
Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.3 除本质权之外,出质人未在股权上设置任何其他质押权利或其他担保权益。
Except for the Pledge, Pledgors have not placed any security interest or other encumbrance on the Equity Interest.

6. 出质人的承诺和确认

Covenants and Further Agreements of Pledgors

- 6.1 在本协议存续期间,所有出质人向质权人承诺,出质人将:
All of the Pledgors hereby covenant to the Pledgee, that during the term of this Agreement, Pledgors shall:
- 6.1.1 除履行由出质人与质权人、丙方于本协议签署日签订的《独家购买权合同》外,未经质权人事先书面同意,不得转让股权,不得在股权上设立或允许存在任何担保或其他债务负担;
not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest, without the prior written consent of Pledgee, except for the performance of the Exclusive Option Agreement executed by Pledgors, the Pledgee and Party C on the execution date of this Agreement;

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- 6.1.2 遵守并执行所有有关权利质押的法律、法规的规定,在收到有关主管机关就质权发出或制定的通知、指令或建议时,于五日内向质权人出示上述通知、指令或建议,同时遵守上述通知、指令或建议,或按照质权人的合理要求或经质权人同意就上述事宜提出反对意见和陈述;
comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 将任何可能导致对出质人股权或其任何部分的权利产生影响的事件或收到的通知,以及可能改变出质人在本协议中的任何保证、义务或对出质人履行其在本协议中义务可能产生影响的任何事件或收到的通知及时通知质权人。
promptly notify Pledgee of any event or notice received by Pledgors that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgors that may have an impact on any guarantees and other obligations of Pledgors arising out of this Agreement.
- 6.2 出质人同意,质权人按本协议条款取得的对质权享有的权利,不应受到出质人或出质人的继承人或出质人之委托人或任何其他通过法律程序的中断或妨害。
Pledgors agree that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgors or any heirs or representatives of Pledgors or any other persons through any legal proceedings.

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秘密文件 Strictly Confidential

- 6.3 出质人向质权人保证,为保护或完善本协议对偿付业务合作协议项下被担保债务的担保,出质人将诚实签署,并促使其他与质权有利害关系的当事人签署质权人所要求的所有的权利证书、契约和/或履行并促使其他有利害关系的当事人履行质权人所要求的行为,并为本协议赋予质权人之权利、授权的行使提供便利,与质权人或其指定的人(自然人/法人)签署所有的有关股权所有权的文件,并在合理期间内向质权人提供其认为需要的所有的有关质权的通知、命令及决定。
To protect or perfect the security interest granted by this Agreement for payment of all payment in pledge under the Business Cooperation Agreement, Pledgors hereby undertake to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgors also undertake to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into

- 6.4 出质人向质权人保证, 出质人将遵守、履行本协议项下所有的保证、承诺、协议、陈述及条件。如出质人不履行或不完全履行其保证、承诺、协议、陈述及条件, 出质人应赔偿质权人由此遭受的一切损失。
Pledgors hereby undertake to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure the whole or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgors shall indemnify Pledgee for all losses resulting therefrom.

7. 违约事件

Event of Default

7.1 下列事项均被视为违约事件:

The following circumstances shall be deemed Event of Default:

- 7.1.1 丙方未能按期、完整履行任何业务合作协议项下责任, 包括但不限于丙方未能按期足额支付业务合作协议项下的应付的被担保债务或有违反该协议其他义务的行为;
Party C fails to fully and timely fulfill any liabilities under the Business Cooperation Agreement, including without limitation failure to pay in full any of the all payment in pledge payable under the Business Cooperation Agreement or breaches any other obligations of Party C thereunder;
- 7.1.2 出质人或丙方实质违反本协议的任何条款;
Pledgors or Party C have committed a material breach of any provisions of this Agreement;
- 7.1.3 除本协议第6.1.1条的约定外, 出质人舍弃出质的股权或未获得质权人书面同意而擅自转让或意图转让出质的股权; 和
Except as expressly stipulated in Section 6.1.1, Pledgors transfers or purports to transfer or abandons the Equity Interest pledged or assigns the Equity Interest pledged without the written consent of Pledgee; and
- 7.1.4 丙方的继承人或代管人只能履行部分或拒绝履行业务合作协议项下的支付责任。
The successor or custodian of Party C is capable of only partially perform or refuses to perform the payment obligations under the Business Cooperation Agreement.

- 7.2 如知道或发现本第7.1条所述的任何事项或可能导致上述事项的事件已经发生, 出质人应立即以书面形式通知质权人。
Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgors shall immediately notify Pledgee in writing accordingly.
- 7.3 除非第7.1部分下的违约事件在质权人向出质人发出要求其修补此违约行为通知后的二十(20)天之内已经按质权人要求获得救济, 质权人在其后的任何时间, 可向出质人发出书面违约通知, 要求依据第8部分履行其处理股权的权利。
Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee delivers a notice to the Pledgors requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgors in writing at any time thereafter, demanding the Pledgors to immediately dispose of the Pledge in accordance with the provisions of Article 8 of this Agreement.

8. 质权的行使

Exercise of Pledge

- 8.1 在被担保债务被全部清偿或履行前, 未经质权人书面同意, 出质人不得转让本质权和其拥有的丙方股权。
Prior to the full payment of all payments in pledge, without the Pledgee's written consent, Pledgors shall not assign the Pledge or the Equity Interest in Party C.
- 8.2 在质权人行使其质押权利时, 质权人可以向出质人发出书面违约通知。
Pledgee may issue a Notice of Default to Pledgors when exercising the Pledge.

- 8.3 在质权人行使其质押权利时, 根据中国有关法律的规定, 质权人有权按照法定程序处置质押股权。仅在中国法律允许的范围内, 对于处置的所得, 质权人无需给出质人; 除非中国法律另有规定, 出质人特此放弃其可能有的能向质权人要求任何质押股权处置所得的权利; 同样, 出质人对质权人在该质押股权处置后的亏损也不承担任何义务。
When the Pledgor exercises the pledge right, Pledgee is entitled to dispose of the Equity Interest pledged in accordance with applicable PRC laws. Only to the extent permitted under applicable PRC laws, Pledgee has no obligation to account to Pledgors for proceeds of disposition of the Equity Interest. Unless otherwise required by PRC laws, Pledgors hereby waive any rights it may have to demand any such accounting from Pledgee; Likewise, in such circumstance Pledgors shall have no obligation to Pledgee for any deficiency remaining after such disposition of the Equity Interest pledged.
- 8.4 质权人依照本协议处分质权时, 出质人和丙方应予以必要的协助, 以使质权人实现其质权。
When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgors and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

9. 转让

Assignment

- 9.1 除非经质权人事先同意, 出质人无权赠予或转让其在本协议项下的权利和义务。
Without Pledgee's prior written consent, Pledgors shall not have the right to assign or delegate its rights and obligations under this Agreement.

- 9.2 本协议对出质人及其继任人和经许可的受让人均有约束力，并且对质权人及每一继任人和受让人有效。
This Agreement shall be binding on Pledgors and their successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 9.3 经出质人同意，质权人可以在任何时候将其在业务合作协议项下的所有或任何权利和义务转让给其指定的关联方(自然人/法人)，在这种情况下，受让人应享有和承担本协议项下质权人享有和承担的权利和义务，如同其作为原协议方应享有和承担的一样。质权人转让业务合作协议项下的权利和义务时，应质权人要求，出质人应就此转让签署有关协议和/或文件。
Upon the Pledgors' agreement, Pledgee may assign any or all of its rights and obligations under the Business Cooperation Agreement to its designee(s) (natural/legal persons) at any time, in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgors shall execute relevant agreements or other documents relating to such assignment.
- 9.4 因转让所导致的质权人变更后，应质权人要求，出质人应与新的质权人签订一份内容与本协议一致的新质押协议，并在相应的工商行政管理机关进行登记。
In the event of a change in Pledgee due to an assignment, Pledgors shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

- 9.5 出质人应严格遵守本协议和各方单独或共同签署的其他有关协议的规定，包括独家购买权合同和对质权人的授权委托书，履行各协议项下的义务，并不进行任何足以影响协议的有效性和可强制执行性的作为/不作为。除非根据质权人的书面指示，出质人不得行使其对质押股权还留存的权力。
Pledgors shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Exclusive Option Agreement and the Power of Attorney granted to Pledgee, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgors with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgors except in accordance with the written instructions of Pledgee.

10. 终止 Termination

在被担保债务被全部清偿或履行完毕之后，本质权人应在尽早合理可行的时间内办理或配合办理解除质押的手续，出质人与丙方应提供相应的配合与协助。

Upon the full payment of all payments in pledge under the Business Cooperation Agreement a, Pledgor shall then, with the assistance of Party B and Party C, go through the procedures of cancellation of pledge rights at a reasonable time as soon as practicable.

11. 手续费及其他费用 Handling Fees and Other Expenses

一切与本协议有关的费用及实际开支，其中包括但不限于法律费用、工本费、印花税以及任何其他税收、费用等全部由丙方承担。

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

12. 保密责任 Confidentiality

各方承认及确定有关本协议、本协议内容，以及彼此就准备或履行本协议而交换的任何口头或书面资料均被视为保密信息。各方应当对所有该等保密信息予以保密，而在未得到另一方书面同意前，不得向任何第三者披露任何保密信息，惟下列信息除外：(a)公众人士知悉或将会知悉的任何信息(惟并非由接受保密信息之一方擅自向公众披露)；(b)根据适用法律法规、股票交易规则、或政府部门或法院的命令而所需披露之任何信息；或(c)由任何一方就本协议所述交易而需向其股东、投资者、法律或财务顾问披露之信息，而该股东、法律或财务顾问亦需遵守与本条款相类似之保密责任。如任何一方工作人员或聘请机构的泄密均视为该方的泄密，需依本协议承担违约责任。无论本协议以任何理由终止，本条款仍然生效。

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

13. 适用法律和争议的解决 Governing Law and Resolution of Disputes

- 13.1 本协议的订立、效力、解释、履行、修改和终止以及争议的解决均适用中国法律。

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall

- 13.2 因解释和履行本协议而发生的任何争议, 本协议各方应首先通过友好协商的方式加以解决。如果在一方向其他方发出要求协商解决的书面通知后30天之内争议仍然得不到解决, 则任何一方均可将有关争议提交给中国国际经济贸易仲裁委员会, 由该会按照其仲裁规则仲裁解决。仲裁应在北京进行, 使用之语言为中文。仲裁裁决是终局性的, 对各方均有约束力。

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

- 13.3 因解释和履行本协议而发生任何争议或任何争议正在进行仲裁时, 除争议的事项外, 本协议各方仍应继续行使各自在本协议项下的其他权利并履行各自在本协议项下的其他义务。

Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

14. 通知 Notices

- 14.1 本协议项下要求或发出的所有通知和其他通信应通过专人递送、挂号邮寄、邮资预付或商业快递服务或传真的方式发到该方下列地址。每一通知还应再以电子邮件送达。该等通知视为有效送达的日期按如下方式确定:

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- 14.1.1 通知如果是以专人递送、快递服务或挂号邮寄、邮资预付发出的, 则以于设定为通知的地址在接收或拒收之日为有效送达日。

Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

- 14.1.2 通知如果是以传真发出的, 则以成功传送之日为有效送达日(应以自动生成的传送确认信息为证)。

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

- 14.2 为通知的目的, 各方地址如下:

For the purpose of notices, the addresses of the Parties are as follows:

甲方: 中传天下信息科技(深圳)有限公司

Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd.

地址: 深圳市南山区高新中三道2号深圳软件园一期五栋401A

Address: 401A, Building 5, Phase 1, Shenzhen Software Park, No.2 Gaoxin Zhongsan Road, Nanshan District, Shenzhen.

收件人: 洪婷

Attn: Hong Ting

乙方:

Party B:

- a) **宋雪松**

Song Xuesong

地址:

Address:

- b) **陈蔚力**

Chen Weili

地址:

Address:

- c) **王平**

Wang Ping

地址:

Address:

- d) **刘东来**

Liu Donglai

地址:

Address:

丙方: 北京中传视讯科技有限公司

Party C: Beijing Mobile Vision Technology Co., Ltd.

地址: 北京市朝阳区光华路9号SOHO3QLAB32

- 14.3 任何一方可按本条规定随时给其他各方发出通知来改变其接收通知的地址。
Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

15. 分割性
Severability

如果本协议有任何一条或多条规定根据任何法律或法规在任何方面被裁定为无效、不合法或不可执行, 本协议其余规定的有效性、合法性或可执行性不应因此在任何方面受到影响或损害。各方应通过诚意磋商, 争取以法律许可以及各方期望的最大限度内有效的规定取代那些无效、不合法或不可执行的规定, 而该等有效的规定所产生的经济效果应尽可能与那些无效、不合法或不能强制执行的规定所产生的经济效果相似。
In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

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秘密文件 Strictly Confidential

16. 附件
Attachments

本协议所列附件, 为本协议不可分割的组成部分。
The attachments set forth herein shall be an integral part of this Agreement.

17. 生效
Effectiveness

- 17.1 本协议的任何修改、补充或变更, 均须采用书面形式, 经各方签字或盖章并按规定办理政府登记(如需)后生效。
Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.
- 17.2 本协议以中文和英文书就, 一式六份, 质权人、所有出质人和丙方各持一份, 具有同等效力; 中英文版本如有冲突, 应以中文版为准。

This Agreement is written in Chinese and English in six copies. Each Pledgors, Pledgee and Party C shall hold one copy respectively. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

本页其余部分刻意留为空白
The Remainder of this page is intentionally left blank

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秘密文件 Strictly Confidential

有鉴于此, 各方已使得经其授权的代表于文首所述日期签署了本股权质押协议并即生效, 以昭信守。
IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

甲方: 中传天下信息科技(深圳)有限公司(盖章)
Party A: Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd. (Seal)

签字:
By: /s/ Hong Ting
姓名: 洪婷
Name: Hong Ting
职务: 总经理
Title: General Manager

秘密文件 Strictly Confidential

有鉴于此, 各方已使得经其授权的代表于文首所述日期签署了本股权质押协议并即生效, 以昭信守。
IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

乙方:
Party B:

宋雪松
Song Xuesong
签署:
By: /s/ Song Xuesong

秘密文件 Strictly Confidential

有鉴于此, 各方已使得经其授权的代表于文首所述日期签署了本股权质押协议并即生效, 以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

乙方:

Party B:

陈蔚力

Chen Weili

签字:

By: /s/ Chen Weili

秘密文件 Strictly Confidential

有鉴于此, 各方已使得经其授权的代表于文首所述日期签署了本股权质押协议并即生效, 以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

乙方:

Party B:

王平

Wang Ping

签字:

By: /s/ Wang Ping

秘密文件 Strictly Confidential

有鉴于此, 各方已使得经其授权的代表于文首所述日期签署了本股权质押协议并即生效, 以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

乙方:

Party B:

刘东来

Liu Donglai

签字:

By: /s/ Liu Donglai

秘密文件 Strictly Confidential

有鉴于此, 各方已使得经其授权的代表于文首所述日期签署了本股权质押协议并即生效, 以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

丙方: 北京中传视讯科技有限公司(盖章)

Party B: Beijing Mobile Vision Technology Co., Ltd. (Seal)

签字:

By: /s/ Song Xuesong

姓名: 宋雪松

Name: Song Xuesong

职务: 董事长

Title: Chairman of the Board

秘密文件 Strictly Confidential

附件:

Attachments:

1. 北京中传视讯科技有限公司股东名册;
Shareholders' Register of Beijing Mobile Vision Technology Co., Ltd.;
2. 北京中传视讯科技有限公司的出资证明书;
The Capital Contribution Certificate of Beijing Mobile Vision Technology Co., Ltd.;
3. 独家业务合作协议。
Exclusive Business Cooperation Agreement.

秘密文件 Strictly Confidential

授权委托书**Power of Attorney**

本人陈蔚力, 持有中华人民共和国居民身份证(号码:*****516), 通讯地址为广东省, 系拥有北京中传视讯科技有限公司(“中传视讯”)14.0848%股权(“相关股权”)的股东, 就相关股权, 特此不可撤销地授权中传天下信息科技(深圳)有限公司(“深圳中传天下”)在本授权委托书的有效期限内行使如下权利:

The undersigned, Chen Weili, a person with the PRC identification card number of *****516, with address at: Guangdong, and a holder of 14.0848% of the entire registered capital ("Shares") in Beijing Mobile Vision Technology Co., Ltd. ("Mobile Vision"), hereby irrevocably authorize Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd. ("WFOE") to exercise the following rights relating to Shares during the term of this Power of Attorney:

授权深圳中传天下作为本人唯一的排他的代理人就有关相关股权的事宜全权代表本人行使包括但不限于如下的权利: 1) 参加中传视讯的股东会; 2) 行使按照法律和中传视讯章程规定本人所享有的全部股东权利和股东表决权, 包括但不限于出售或转让或质押或处置相关股权的全部或任何一部分; 以及3) 作为本人的授权代表指定和任命视讯的法定代表人、董事和/或执行董事、监事、经理以及其他高级管理人员等。但中传视讯利用该等授权做出违反中华人民共和国法律的决定无效。

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation: 1) attending shareholders' meetings of Mobile Vision; 2) exercising all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Articles of Association of Mobile Vision, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designating and appointing on behalf of myself the legal representative, director and/or executive director, supervisor, manager and other senior management members of Mobile Vision. However, the decision made by Mobile Vision taking advantage of the power of attorney which is against the PRC laws shall be null and void.

1

深圳中传天下将有权在授权范围内代表本人签署独家购买权协议(本人应要求作为协议方)中约定的转让协议, 如期履行本人作为协议一方的与本授权委托书同日签署的股权质押协议和独家购买权协议, 该权利的行使将不对本授权形成任何限制。

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority under this Power of Attorney to execute the Transfer Contracts stipulated in Exclusive Option Agreement, to which I am required to be a party, on behalf of myself, and to effect the terms of the Share Pledge Agreement and Exclusive Option Agreement, both dated the date hereof, to which I am a party.

深圳中传天下就相关股权的一切行为均视为本人的行为, 签署的一切文件均视为本人签署, 本人会予以承认。

All the actions associated with Shares conducted by WFOE shall be deemed as my own actions, and all the documents related to Shares executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by the WFOE.

深圳中传天下有转委托权, 可以就上述事项的办理自行再委托其他人或单位而不必先通知本人或获得本人的同意。

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent.

在本人为中传视讯的股东期间, 本授权委托书不可撤销并持续有效, 自授权委托书签署之日起算。

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Mobile Vision.

本授权委托书期间, 本人特此放弃已经通过本授权委托书授权给深圳中传天下的与相关股权有关的所有权利, 不再自行行使该等权利。

During the term of this Power of Attorney, I hereby waive all the rights associated with Shares, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

本授权委托书以中文和英文书就, 中英文版本如有冲突, 应以中文版为准。

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

陈蔚力
Chen Weili

签署:
By:
日期: 年月日
Date:

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授权委托书**Power of Attorney**

本人王平, 持有中华人民共和国居民身份证(号码:*****01x), 通讯地址为广东省, 系拥有北京中传视讯科技有限公司(“中传视讯”)19.9872%股权(“相关股权”)的股东, 就相关股权, 特此不可撤销地授权中传天下信息科技(深圳)有限公司(“深圳中传天下”)在本授权委托书的有效期限内行使如下权利:

The undersigned, Wang Ping, a person with the PRC identification card number of *****01x, with address at Guangdong, and a holder of 19.9872% of the entire registered capital ("Shares") in Beijing Mobile Vision Technology Co., Ltd. ("Mobile Vision"), hereby irrevocably authorize Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd. ("WFOE") to exercise the following rights relating to Shares during the term of this Power of Attorney:

授权深圳中传天下作为本人唯一的排他的代理人就有关相关股权的事宜全权代表本人行使包括但不限于如下的权利: 1) 参加中传视讯的股东会; 2) 行使按照法律和传视讯章程规定本人所享有的全部股东权利和股东表决权, 包括但不限于出售或转让或质押或处置相关股权的全部或任何一部分; 以及3) 作为本人的授权代表指定和任命传视讯的法定代表人、董事和/或执行董事、监事、经理以及其他高级管理人员等。但中传视讯利用该等授权做出违反中华人民共和国法律的决定无效。

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation: 1) attending shareholders' meetings of Mobile Vision; 2) exercising all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Articles of Association of Mobile Vision, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designating and appointing on behalf of myself the legal representative, director and/or executive director, supervisor, manager and other senior management members of Mobile Vision. However, the decision made by Mobile Vision taking advantage of the power of attorney which is against the PRC laws shall be null and void.

1

深圳中传天下将有权在授权范围内代表本人签署独家购买权协议(本人应要求作为协议方)中约定的转让协议, 如期履行本人作为协议一方的与本授权委托书同日签署的股权质押协议和独家购买权协议, 该权利的行使将不对本授权形成任何限制。

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority under this Power of Attorney to execute the Transfer Contracts stipulated in Exclusive Option Agreement, to which I am required to be a party, on behalf of myself, and to effect the terms of the Share Pledge Agreement and Exclusive Option Agreement, both dated the date hereof, to which I am a party.

深圳中传天下就相关股权的一切行为均视为本人的行为, 签署的一切文件均视为本人签署, 本人会予以承认。

All the actions associated with Shares conducted by WFOE shall be deemed as my own actions, and all the documents related to Shares executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by the WFOE.

深圳中传天下有转委托权, 可就上述事项的办理自行再委托其他人或单位而不必先通知本人或获得本人的同意。

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent.

在本人为中传视讯的股东期间, 本授权委托书不可撤销并持续有效, 自授权委托书签署之日起算。

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Mobile Vision.

本授权委托书期间, 本人特此放弃已经通过本授权委托书授权给深圳中传天下的与相关股权有关的所有权利, 不再自行行使该等权利。

During the term of this Power of Attorney, I hereby waive all the rights associated with Shares, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

本授权委托书以中文和英文书就, 中英文版本如有冲突, 应以中文版为准。

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

王平
Wang Ping

签署:
By:
日期: 年月日
Date:

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EX-4.22 8 f20f2017ex4-22_luokung.htm POWER OF ATTORNEY BY DONGLAI LIU, DATED AUGUST 31, 2015

Exhibit 4.22

授权委托书

Power of Attorney

本人刘东来, 持有中华人民共和国居民身份证(号码:*****912), 通讯地址为: , 系拥有北京中传视讯科技有限公司(“中传视讯”)4.1035%股权(“相关股权”)的股东, 就相关股权, 特此不可撤销地授权中传天下信息科技(深圳)有限公司(“深圳中传天下”)在本授权委托书的有效期内行使如下权利:

The undersigned, Liu Donglai, a person with the PRC identification card number of *****912, with address at: , and a holder of 4.1035% of the entire registered capital (“Shares”) in Beijing Mobile Vision Technology Co., Ltd. (“Mobile Vision”), hereby irrevocably authorize Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd. (“WFOE”) to exercise the following rights relating to Shares during the term of this Power of Attorney:

授权深圳中传天下作为本人唯一的排他的代理人就有关相关股权的事宜全权代表本人行使包括但不限于如下的权利: 1) 参加中传视讯的股东会; 2) 行使按照法律和传视讯章程规定本人所享有的全部股东权利和股东表决权, 包括但不限于出售或转让或质押或处置相关股权的全部或任何一部分; 以及3) 作为本人的授权代表指定和任命传视讯的法定代表人、董事和/或执行董事、监事、经理以及其他高级管理人员等。但中传视讯利用该等授权做出违反中华人民共和国法律的决定无效。

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation: 1) attending shareholders' meetings of Mobile Vision; 2) exercising all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Articles of Association of Mobile Vision, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designating and appointing on behalf of myself the legal representative, director and/or executive director, supervisor, manager and other senior management members of Mobile Vision. However, the decision made by Mobile Vision taking advantage of the power of attorney which is against the PRC laws shall be null and void.

1

深圳中传天下将有权在授权范围内代表本人签署独家购买权协议(本人应要求作为协议方)中约定的转让协议, 如期履行本人作为协议一方的与本授权委托书同日签署的股权质押协议和独家购买权协议, 该权利的行使将不对本授权形成任何限制。

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority under this Power of Attorney to execute the Transfer Contracts stipulated in Exclusive Option Agreement, to which I am required to be a party, on behalf of myself, and to effect the terms of the Share Pledge Agreement and Exclusive Option Agreement, both dated the date hereof, to which I am a party.

深圳中传天下就相关股权的一切行为均视为本人的行为, 签署的一切文件均视为本人签署, 本人会予以承认。

All the actions associated with Shares conducted by WFOE shall be deemed as my own actions, and all the documents related to Shares executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by the WFOE.

深圳中传天下有转委托权, 可以就上述事项的办理自行再委托其他人或单位而不必先通知本人或获得本人的同意。

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent.

在本人为中传视讯的股东期间, 本授权委托书不可撤销并持续有效, 自授权委托书签署之日起算。

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Mobile Vision.

本授权委托书期间, 本人特此放弃已经通过本授权委托书授权给深圳中传天下的与相关股权有关的所有权利, 不再自行行使该等权利。

During the term of this Power of Attorney, I hereby waive all the rights associated with Shares, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

本授权委托书以中文和英文书就, 中英文版本如有冲突, 应以中文版为准。

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

刘东来
Liu Donglai

签署:
By:
日期: 年月日
Date:

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EX-4.23 9 f20f2017ex4-23_luokung.htm POWER OF ATTORNEY BY XUESONG SONG, DATED AUGUST 31, 2015

Exhibit 4.23

授权委托书

Power of Attorney

本人宋雪松, 持有中华人民共和国居民身份证(号码:*****417), 通讯地址为 , 系拥有北京中传视讯科技有限公司(“中传视讯”)61.8245%股权(“相关股权”)的股东, 就相关股权, 特此不可撤销地授权中传天下信息科技(深圳)有限公司(“深圳中传天下”)在本授权委托书的有效期内行使如下权利:

The undersigned, Song Xuesong, a person with the PRC identification card number of *****417, with address at , and a holder of 61.8245% of the entire registered capital (“Shares”) in Beijing Mobile Vision Technology Co., Ltd. (“Mobile Vision”), hereby irrevocably authorize Zhongchuan Tianxia Information Technology (Shenzhen) Co., Ltd. (“WFOE”) to exercise the following rights relating to Shares during the term of this Power of Attorney:

授权深圳中传天下作为本人唯一的排他的代理人就有关相关股权的事宜全权代表本人行使包括但不限于如下的权利: 1) 参加中传视讯的股东会; 2) 行使按照法律和中传视讯章程规定本人所享有的全部股东权利和股东表决权, 包括但不限于出售或转让或质押或处置相关股权的全部或任何一部分; 以及3) 作为本人的授权代表指定和任命视讯的法定代表人、董事和/或执行董事、监事、经理以及其他高级管理人员等。但中传视讯利用该等授权做出违反中华人民共和国法律的决定无效。

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation: 1) attending shareholders’ meetings of Mobile Vision; 2) exercising all the shareholder’s rights and shareholder’s voting rights I am entitled to under the laws of China and Articles of Association of Mobile Vision, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designating and appointing on behalf of myself the legal representative, director and/or executive director, supervisor, manager and other senior management members of Mobile Vision. However, the decision made by Mobile Vision taking advantage of the power of attorney which is against the PRC laws shall be null and void.

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深圳中传天下将有权在授权范围内代表本人签署独家购买权协议(本人应要求作为协议方)中约定的转让协议, 如期履行本人作为协议一方的与本授权委托书同日签署的股权质押协议和独家购买权协议, 该权利的行使将不对本授权形成任何限制。

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority under this Power of Attorney to execute the Transfer Contracts stipulated in Exclusive Option Agreement, to which I am required to be a party, on behalf of myself, and to effect the terms of the Share Pledge Agreement and Exclusive Option Agreement, both dated the date hereof, to which I am a party.

深圳中传天下就相关股权的一切行为均视为本人的行为, 签署的一切文件均视为本人签署, 本人会予以承认。

All the actions associated with Shares conducted by WFOE shall be deemed as my own actions, and all the documents related to Shares executed by WFOE

shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by the WFOE.

深圳中传天下有转委托权，可就上述事项的办理自行再委托其他人或单位而不必事先通知本人或获得本人的同意。

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent.

在本人为中传视讯的股东期间，本授权委托书不可撤销并持续有效，自授权委托书签署之日起算。

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Mobile Vision.

本授权委托书期间，本人特此放弃已经通过本授权委托书授权给深圳中传天下的与相关股权有关的所有权利，不再自行行使该等权利。

During the term of this Power of Attorney, I hereby waive all the rights associated with Shares, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

本授权委托书以中文和英文书就，中英文版本如有冲突，应以中文版为准。

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

宋雪松
Song Xuesong

签署：
By：
日期：年月日
Date:

List of Subsidiaries of the Company

Name of Entity	Jurisdiction of Incorporation/Organization
LK Technology Ltd.	British Virgin Islands
Topsky Info-tech Holdings Pte Ltd.	Singapore
Superengine Holdings Limited	British Virgin Islands
MMB Limited	Hong Kong
Mobile Media (China Limited)	Hong Kong
Zhong Chuan Tian Xia Information and Technology (Beijing) Limited	Beijing, PRC
Zhong Chuan Xia Information and Technology (Shenzhen) Limited	Shenzhen, PRC
Beijing Zhong Chuan Shi Xun Technology Limited (VIE Entity)	Beijing, PRC
Jiangsu Zhong Chuan Rui You Information and Technology Limited (VIE Entity)	Jiangsu, PRC
Huoerguosi Luokuang Information and Technology Limited (VIE Entity)	Huoerguosi, PRC
Shenzhen Jiu Zhou Shi Dai Digital Technology Limited	Shenzhen, PRC

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the “Agreement”) is made and entered into as of this 19 day of August, 2018 (the “Effective Date”), by and between Luokung Technology Corp., a British Virgin Islands corporation (the “Company”) and Xuesong Song (the “Executive”), a Chinese citizen.

WITNESSETH:

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions of the employment relationship between the Executive and the Company.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. EMPLOYMENT.

1.1 Agreement to Employ. The Company hereby agrees to employ Executive, and Executive hereby agrees to serve, subject to the provisions of this Agreement, as an officer and employee of the Company.

1.2 Duties and Schedule. Executive shall serve as the Company’s Chief Executive Officer (“CEO”). The responsibilities of the Executive shall be subject to the bylaws of the Company and determined by the Board of Directors of the Company (the “Board”). The Executive shall report directly to the Board and shall have such responsibilities as designated by the Board of the Company to the extent that such responsibilities are not inconsistent with all applicable laws, regulations and rules. Executive shall devote his best efforts and all of his business time to his position with the Company during the Term.

2. TERM OF EMPLOYMENT. Unless Executive’s employment shall sooner terminate pursuant to Section 4, the Company shall employ Executive for a four-year term commencing on the Effective Date (the “Term”), which Term shall be renewable upon mutual agreement of the Company and the Executive, as approved by the Board.

3. COMPENSATION.

3.1 Salary. Executive’s salary during the Term shall be \$Nil.

3.2 Bonus. At the sole discretion of the Board, or any committee duly designated by the Board and authorized to act thereto, the Executive shall be eligible for an annual cash bonus.

3.3 Vacation. Executive shall be entitled to 8 days of paid vacation per year. In the event that Executive remains employed by the Company for 3 years or more, Executive shall be entitled to 12 days of paid vacation.

3.4 Business Expenses. Executive shall be reimbursed by the Company for all ordinary and necessary expenses incurred by Executive; provided that they are incurred and approved in writing in accordance with the Company's expense policy.

3.5 Benefits. During the Term, Executive shall be allowed to participate, on the same basis generally as other employees of the Company, in all general employee benefit plans and programs, including improvements or modifications of the same, which may exist as of the Effective Date or thereafter and which are made available by the Company to all or substantially all of its employees. Such benefits, plans, and programs may include, without limitation, any health, and dental insurance or 401K programs, if and when instituted. Any benefit plan currently existing or instituted by the Company after the Effective Date may be altered, change or discontinued by the Company at its sole discretion and at any time without obligation of any nature to Executive. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs to other than those provided to other employees pursuant to the terms and conditions of such benefit plans and programs.

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4. TERMINATION.

4.1 Death. This Agreement shall terminate immediately upon the death of Executive, and Executive's estate or Executive's legal representative, as the case may be, shall be entitled to Executive's accrued and unpaid Salary as of the date of Executive's death, plus all other compensation and benefits that were vested through the date of Executive's death.

4.2 Disability. In the event of Executive's Disability, this Agreement shall terminate and Executive shall be entitled to (a) accrued and unpaid Salary and vacation through the first date that a Disability is determined; and (b) all other compensation and benefits that were vested through the first date that a Disability has been determined. "Disability" means the good faith determination of the Board that Executive has become so physically or mentally incapacitated or disabled as to be unable to satisfactorily perform his duties hereunder for a period of ninety (90) consecutive calendar days or for one-hundred twenty (120) days in any three-hundred sixty (360) day period, such determination based upon a certificate as to such physical or mental disability issued by a licensed physician and/or psychiatrist (as the case may be) mutually agreed upon by Executive and the Company.

4.3 Termination by Company for Cause. The Company may terminate the Executive for Cause and such termination shall take effect upon the receipt by Executive of the Notice of Termination. Upon the effective date of the termination for Cause, Executive shall be solely entitled to accrued and unpaid Salary through such effective date. "Cause" means: (i) engaging in any act, omission or misconduct that is injurious to the Company or an affiliate; (ii) gross negligence or willful misconduct in connection with the performance of duties; (iii) conviction of a criminal offense (other than minor traffic offenses); (iv) fraud, embezzlement or misappropriation of funds or property of the Company or an affiliate; (v) material breach of any term of any employment or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Executive and the Company or an affiliate; (vi) the entry of an order duly issued by any regulatory agency (including federal, state and local regulatory agencies and self-regulatory bodies) having jurisdiction over the Company or an affiliate requiring the removal of the Executive from any office held with the Company or prohibiting the Executive from participating in the business or affairs of the Company or any affiliate; or (vii) the revocation or threatened revocation of any of the Company's or an affiliate's government licenses, permits or approvals, which is primarily due to the Executive's action or inaction and such revocation or threatened revocation would be alleviated or mitigated in any material respect by the termination of the Executive's employment or services with the Company or an affiliate.

4.4 Voluntary Termination by Executive. The Executive may voluntarily terminate his employment for any reason and such termination shall take effect 30 days after the receipt by Company of the Notice of Termination. Upon the effective date of such termination, Executive shall be entitled to (a) accrued and unpaid Salary and vacation through such termination date; and (b) all other compensation and benefits that were vested through such termination date. In the event Executive is terminated without notice, it shall be deemed a termination by the Company for Cause.

4.5 Notice of Termination. Any termination of the employment by the Company or the Executive shall be communicated by a notice in accordance with Section 8.4 of this Agreement (the "Notice of Termination"). Such notice shall (a) indicate the specific termination provision in this Agreement relied upon and (b) if the termination is for Cause, the date on which the Executive's employment is to be terminated.

4.6 Severance. The Executive shall not be entitled to severance payments upon any termination provided in Section 4 herein.

5. EMPLOYEE'S REPRESENTATION. The Executive represents and warrants to the Company that: (a) he is subject to no contractual, fiduciary or other obligation which may affect the performance of his duties under this Agreement; (b) he has terminated, in accordance with their terms, any contractual obligation which may affect his performance under this Agreement; and (c) his employment with the Company will not require him to use or disclose proprietary or confidential information of any other person or entity.

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6. CONFIDENTIAL INFORMATION Except as permitted or directed by the Board of Directors of the Company in writing, during the time the Executive is employed by the Company or at any time thereafter, the Executive shall not use for his personal purposes nor divulge, furnish, or make accessible to anyone or use in any way (other than in the ordinary course of the business of the Company) any confidential or secret information or knowledge of the Company, whether developed by himself or by others. Such confidential and/or secret information encompassed by this Section 6 includes, but is not limited to, the Company's customer and supplier lists, business plans, software, systems, and financial, marketing, and personnel information. The Executive agrees to refrain from any acts or omissions that would reduce the value of any confidential or secret knowledge or information to the Company, both during his employment hereunder and at any time after the termination of his employment. The Executive's obligations of confidentiality under this Section 6 shall not apply to any knowledge or information that is now published publicly or that subsequently becomes generally publicly known, other than as a direct or indirect result of a breach of this Agreement by the Executive.

7. NON-COMPETITION; NON-SOLICITATION; INVENTIONS.

7.1 Non-Competition. During the employment of the Executive under this Agreement and for a period of six (6) months after termination of such employment, the Executive shall not at any time compete on his own behalf, or on behalf of any other person or entity, with the Company or any of its affiliates within all territories in which the Company does business with respect to the business of the Company or any of its affiliates as such business shall be conducted on the date hereof or during the employment of the Executive under this Agreement. The ownership by the Executive of not more than 5% of a corporation, partnership or other enterprise shall not constitute a violation hereof.

7.2 Non-Solicitation. During the employment of the Executive under this Agreement and thereafter Executive shall not at any time (i) solicit or induce, on his own behalf or on behalf of any other person or entity, any employee of the Company or any of its affiliates to leave the employ of the Company or any of its affiliates; or (ii) solicit or induce, on his own behalf or on behalf of any other person or entity, any customer or Prospective Customer of the Company or any of their respective affiliates to reduce its business with the Company or any of its affiliates. For the purposes of this Agreement, "Prospective Customer" shall mean any individual, corporation, trust or other business entity which has either (a) entered into a nondisclosure agreement with the Company or any Company subsidiary or

affiliate or (b) has within the preceding 12 months received a not rejected written proposal in reasonable detail from the Company or any of the Company's subsidiary or affiliate.

7.3 Inventions and Patents. The Company shall be entitled to the sole benefit and exclusive ownership of any inventions or improvements in products, processes, or other things that may be made or discovered by Executive while he is in the service of the Company, and all patents for the same. During the Term, Executive shall do all acts necessary or required by the Company to give effect to this section and, following the Term, Executive shall do all acts reasonably necessary or required by the Company to give effect to this section. In all cases, the Company shall pay all costs and fees associated with such acts by Executive.

7.4 Return of Property. The Executive agrees that all property in the Executive's possession that he obtains or is assigned in the course of his employment with the Company, including, without limitation, all documents, reports, manuals, memoranda, customer lists, credit cards, keys, access cards, and all other property relating in any way to the business of the Company, is the exclusive property of the Company, even if the Executive authored, created, or assisted in authoring or creating such property. The Executive shall return to the Company all such property immediately upon termination of employment or at such earlier time as the Company may request.

7.5 Court Ordered Revisions. If any portion of this Section 7 is found by a court of competent jurisdiction to be invalid or unenforceable, but would be valid and enforceable if modified, this Section 7 shall apply with such modifications necessary to make this Section 7 valid and enforceable. Any portion of this Section 7 not required to be so modified shall remain in full force and effect and not be affected thereby.

7.6 Specific Performance. The Executive acknowledges that the remedy at law for any breach of any of the provisions of Section 7 will be inadequate, and that the Company shall be entitled, in addition to any remedy at law or in equity, to preliminary and permanent injunctive relief and specific performance.

8. MISCELLANEOUS.

8.1 Indemnification. The Company and each of its subsidiaries shall, to the maximum extent provided under applicable law, indemnify and hold Executive harmless from and against any expenses, including reasonable attorney's fees, judgments, fines, settlements and other legally permissible amounts ("Losses"), incurred in connection with any proceeding arising out of, or related to, Executive's employment by the Company, other than any such Losses incurred as a result of Executive's negligence or willful misconduct. The Company shall, or shall cause a subsidiary thereof to, advance to Executive any expenses, including attorney's fees and costs of settlement, incurred in defending any such proceeding to the maximum extent permitted by applicable law. Such costs and expenses incurred by Executive in defense of any such proceeding shall be paid by the Company or applicable subsidiary in advance of the final disposition of such proceeding promptly upon receipt by the Company of (a) written request for payment; (b) appropriate documentation evidencing the incurrence, amount and nature of the costs and expenses for which payment is being sought; and (c) an undertaking adequate under applicable law made by or on behalf of Executive to repay the amounts so advanced if it shall ultimately be determined pursuant to any non-appealable judgment or settlement that Executive is not entitled to be indemnified by the Company or any subsidiary thereof. The Company will provide Executive with coverage under all directors and officers liability insurance policies that it has in effect during the Term, with no deductible to Executive.

8.2 Applicable Law. Except as may be otherwise provided herein, this Agreement shall be governed by and construed in accordance with the laws of China, applied without reference to principles of conflict of laws. Any dispute arising from or in connection with this Agreement shall be submitted to Shanghai International Arbitration Center (the "Center") for arbitration under the then effective rules of the Center. The arbitration award shall be the sole, binding, exclusive and final remedy for resolving any dispute between the parties.

8.3 Amendments. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors or legal representatives.

8.4 Notices. All notices and other communications hereunder shall be in writing and shall be given by hand-delivery to the other party, by an international mail courier, or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Xuesong Song

If to the Company:

Or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when delivered to the addressee.

8.5 Withholding. The Company may withhold from any amounts payable under the Agreement, such federal, state and local income, unemployment, social security and similar employment related taxes and similar employment related withholdings as shall be required to be withheld pursuant to any applicable law or regulation.

8.6 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and any such provision which is not valid or enforceable in whole shall be enforced to the maximum extent permitted by law.

8.7 Captions. The captions of this Agreement are not part of the provisions and shall have no force or effect.

8.8 Entire Agreement. This Agreement contains the entire agreement among the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

8.9 Survival. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement or the Executive's employment hereunder to the extent necessary to the intended preservation of such rights and obligations.

8.10 Waiver. Either Party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

8.11 Successors. This Agreement is personal to Executive and, without the prior express written consent of the Company, shall not be assignable by Executive. This Agreement shall inure to the benefit of and be enforceable by Executive's estate, heirs, beneficiaries, and/or legal representatives. This Agreement

shall inure to the benefit of and be binding upon the Company and its successors and assigns.

8.12 Joint Efforts/Counterparts. Preparation of this Agreement shall be deemed to be the joint effort of the parties hereto and shall not be construed more severely against any party. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

8.13 Representation by Counsel. Each Party hereby represents that it has had the opportunity to be represented by legal counsel of its choice in connection with the negotiation and execution of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

EXECUTIVE:

LUOKUNG TECHNOLOGY CORP.

/s/ Xuesong Song
Xuesong Song

/s/ Jie Yu
Jie Yu
Chief Financial Officer

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EX-10.2 12 f20f2017ex10-2_luokung.htm EMPLOYMENT AGREEMENT, DATED AUGUST 19, 2018, BY AND BETWEEN LUOKUNG TECHNOLOGY CORP. AND JIE YU

Exhibit 10.2

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of this 19 day of August, 2018 (the "Effective Date"), by and between Luokung Technology Corp., a British Virgin Islands corporation (the "Company") and Jie (Jay) Yu (the "Executive"), a Chinese citizen.

WITNESSETH:

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions of the employment relationship between the Executive and the Company.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. EMPLOYMENT.

1.1 Agreement to Employ. The Company hereby agrees to employ Executive, and Executive hereby agrees to serve, subject to the provisions of this Agreement, as an officer and employee of the Company.

1.2 Duties and Schedule. Executive shall serve as the Company's Chief Financial Officer, and be the Principal Financial Officer and Principal Accounting Officer of the Company and responsible for all financial matters and management of the Company. The Executive shall report directly to the Company's Chief Executive Officer and Board of Directors (the "Board") and shall have such responsibilities as designated by the Chief Executive Officer or Board to the extent that such responsibilities are not inconsistent with all applicable laws, regulations and rules. Executive shall devote his best efforts and all of his business time to his position with the Company during the Term.

2. TERM OF EMPLOYMENT. Unless Executive's employment shall sooner terminate pursuant to Section 4, the Company shall employ Executive for a four-year term commencing on the Effective Date (the "Term"), which Term shall be renewable upon mutual agreement of the Company and the Executive, as approved by the Board.

3. COMPENSATION.

3.1 Salary. Executive's salary during the Term shall be RMB700,000 per year (the "Salary"), payable monthly.

3.2 Bonus. At the sole discretion of the Board, or any committee duly designated by the Board and authorized to act thereto, the Executive shall be eligible for an annual cash bonus.

3.3 Vacation. Executive shall be entitled to 8 days of paid vacation per year. In the event that Executive remains employed by the Company for 3 years or more, Executive shall be entitled to 12 days of paid vacation.

3.4 Business Expenses. Executive shall be reimbursed by the Company for all ordinary and necessary expenses incurred by Executive; provided that they are incurred and approved in writing in accordance with the Company's expense policy.

3.5 Benefits. During the Term, Executive shall be allowed to participate, on the same basis generally as other employees of the Company, in all general employee benefit plans and programs, including improvements or modifications of the same, which may exist as of the Effective Date or thereafter and which are made available by the Company to all or substantially all of its employees. Such benefits, plans, and programs may include, without limitation, any health, and dental insurance or 401K programs, if and when instituted. Any benefit plan currently existing or instituted by the Company after the Effective Date may be altered, change or discontinued by the Company at its sole discretion and at any time without obligation of any nature to Executive. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs to other than those provided to other employees pursuant to the terms and conditions of such benefit plans and programs.

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4. TERMINATION.

4.1 Death. This Agreement shall terminate immediately upon the death of Executive, and Executive's estate or Executive's legal representative, as the case may be, shall be entitled to Executive's accrued and unpaid Salary as of the date of Executive's death, plus all other compensation and benefits that were vested through the date of Executive's death.

4.2 Disability. In the event of Executive's Disability, this Agreement shall terminate and Executive shall be entitled to (a) accrued and unpaid Salary and vacation through the first date that a Disability is determined; and (b) all other compensation and benefits that were vested through the first date that a Disability has been determined. "Disability" means the good faith determination of the Board that Executive has become so physically or mentally incapacitated or disabled as to be unable to satisfactorily perform his duties hereunder for a period of ninety (90) consecutive calendar days or for one- hundred twenty (120) days in any three-hundred sixty (360) day period, such determination based upon a certificate as to such physical or mental disability issued by a licensed physician and/or

4.3 Termination by Company for Cause. The Company may terminate the Executive for Cause and such termination shall take effect upon the receipt by Executive of the Notice of Termination. Upon the effective date of the termination for Cause, Executive shall be solely entitled to accrued and unpaid Salary through such effective date. “Cause” means: (i) engaging in any act, omission or misconduct that is injurious to the Company or an affiliate; (ii) gross negligence or willful misconduct in connection with the performance of duties; (iii) conviction of a criminal offense (other than minor traffic offenses); (iv) fraud, embezzlement or misappropriation of funds or property of the Company or an affiliate; (v) material breach of any term of any employment or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Executive and the Company or an affiliate; (vi) the entry of an order duly issued by any regulatory agency (including federal, state and local regulatory agencies and self-regulatory bodies) having jurisdiction over the Company or an affiliate requiring the removal of the Executive from any office held with the Company or prohibiting the Executive from participating in the business or affairs of the Company or any affiliate; or (vii) the revocation or threatened revocation of any of the Company’s or an affiliate’s government licenses, permits or approvals, which is primarily due to the Executive’s action or inaction and such revocation or threatened revocation would be alleviated or mitigated in any material respect by the termination of the Executive’s employment or services with the Company or an affiliate.

4.4 Voluntary Termination by Executive. The Executive may voluntarily terminate his employment for any reason and such termination shall take effect 30 days after the receipt by Company of the Notice of Termination. Upon the effective date of such termination, Executive shall be entitled to (a) accrued and unpaid Salary and vacation through such termination date; and (b) all other compensation and benefits that were vested through such termination date. In the event Executive is terminated without notice, it shall be deemed a termination by the Company for Cause.

4.5 Notice of Termination. Any termination of the employment by the Company or the Executive shall be communicated by a notice in accordance with Section 8.4 of this Agreement (the “Notice of Termination”). Such notice shall (a) indicate the specific termination provision in this Agreement relied upon and (b) if the termination is for Cause, the date on which the Executive’s employment is to be terminated.

4.6 Severance. The Executive shall not be entitled to severance payments upon any termination provided in Section 4 herein.

5. EMPLOYEE’S REPRESENTATION. The Executive represents and warrants to the Company that: (a) he is subject to no contractual, fiduciary or other obligation which may affect the performance of his duties under this Agreement; (b) he has terminated, in accordance with their terms, any contractual obligation which may affect his performance under this Agreement; and (c) his employment with the Company will not require him to use or disclose proprietary or confidential information of any other person or entity.

6. CONFIDENTIAL INFORMATION Except as permitted or directed by the Board of Directors of the Company in writing, during the time the Executive is employed by the Company or at any time thereafter, the Executive shall not use for his personal purposes nor divulge, furnish, or make accessible to anyone or use in any way (other than in the ordinary course of the business of the Company) any confidential or secret information or knowledge of the Company, whether developed by himself or by others. Such confidential and/or secret information encompassed by this Section 6 includes, but is not limited to, the Company’s customer and supplier lists, business plans, software, systems, and financial, marketing, and personnel information. The Executive agrees to refrain from any acts or omissions that would reduce the value of any confidential or secret knowledge or information to the Company, both during his employment hereunder and at any time after the termination of his employment. The Executive’s obligations of confidentiality under this Section 6 shall not apply to any knowledge or information that is now published publicly or that subsequently becomes generally publicly known, other than as a direct or indirect result of a breach of this Agreement by the Executive.

7. NON-COMPETITION; NON-SOLICITATION; INVENTIONS

7.1 Non-Competition. During the employment of the Executive under this Agreement and for a period of six (6) months after termination of such employment, the Executive shall not at any time compete on his own behalf, or on behalf of any other person or entity, with the Company or any of its affiliates within all territories in which the Company does business with respect to the business of the Company or any of its affiliates as such business shall be conducted on the date hereof or during the employment of the Executive under this Agreement. The ownership by the Executive of not more than 5% of a corporation, partnership or other enterprise shall not constitute a violation hereof.

7.2 Non-Solicitation. During the employment of the Executive under this Agreement and thereafter Executive shall not at any time (i) solicit or induce, on his own behalf or on behalf of any other person or entity, any employee of the Company or any of its affiliates to leave the employ of the Company or any of its affiliates; or (ii) solicit or induce, on his own behalf or on behalf of any other person or entity, any customer or Prospective Customer of the Company or any of their respective affiliates to reduce its business with the Company or any of its affiliates. For the purposes of this Agreement, “Prospective Customer” shall mean any individual, corporation, trust or other business entity which has either (a) entered into a nondisclosure agreement with the Company or any Company subsidiary or affiliate or (b) has within the preceding 12 months received a currently pending and not rejected written proposal in reasonable detail from the Company or any of the Company’s subsidiary or affiliate.

7.3 Inventions and Patents. The Company shall be entitled to the sole benefit and exclusive ownership of any inventions or improvements in products, processes, or other things that may be made or discovered by Executive while he is in the service of the Company, and all patents for the same. During the Term, Executive shall do all acts necessary or required by the Company to give effect to this section and, following the Term, Executive shall do all acts reasonably necessary or required by the Company to give effect to this section. In all cases, the Company shall pay all costs and fees associated with such acts by Executive.

7.4 Return of Property. The Executive agrees that all property in the Executive’s possession that he obtains or is assigned in the course of his employment with the Company, including, without limitation, all documents, reports, manuals, memoranda, customer lists, credit cards, keys, access cards, and all other property relating in any way to the business of the Company, is the exclusive property of the Company, even if the Executive authored, created, or assisted in authoring or creating such property. The Executive shall return to the Company all such property immediately upon termination of employment or at such earlier time as the Company may request.

7.5 Court Ordered Revisions. If any portion of this Section 7 is found by a court of competent jurisdiction to be invalid or unenforceable, but would be valid and enforceable if modified, this Section 7 shall apply with such modifications necessary to make this Section 7 valid and enforceable. Any portion of this Section 7 not required to be so modified shall remain in full force and effect and not be affected thereby.

7.6 Specific Performance. The Executive acknowledges that the remedy at law for any breach of any of the provisions of Section 7 will be inadequate, and that the Company shall be entitled, in addition to any remedy at law or in equity, to preliminary and permanent injunctive relief and specific performance.

8. MISCELLANEOUS

8.1 Indemnification. The Company and each of its subsidiaries shall, to the maximum extent provided under applicable law, indemnify and hold Executive harmless from and against any expenses, including reasonable attorney’s fees, judgments, fines, settlements and other legally permissible amounts (“Losses”), incurred in connection with any proceeding arising out of, or related to, Executive’s employment by the Company, other than any such Losses incurred as a result of Executive’s negligence or willful misconduct. The Company shall, or shall cause a subsidiary thereof to, advance to Executive any expenses, including attorney’s

fees and costs of settlement, incurred in defending any such proceeding to the maximum extent permitted by applicable law. Such costs and expenses incurred by Executive in defense of any such proceeding shall be paid by the Company or applicable subsidiary in advance of the final disposition of such proceeding promptly upon receipt by the Company of (a) written request for payment; (b) appropriate documentation evidencing the incurrence, amount and nature of the costs and expenses for which payment is being sought; and (c) an undertaking adequate under applicable law made by or on behalf of Executive to repay the amounts so advanced if it shall ultimately be determined pursuant to any non-appealable judgment or settlement that Executive is not entitled to be indemnified by the Company or any subsidiary thereof. The Company will provide Executive with coverage under all directors and officers liability insurance policies that it has in effect during the Term, with no deductible to Executive.

8.2 Applicable Law. Except as may be otherwise provided herein, this Agreement shall be governed by and construed in accordance with the laws of China, applied without reference to principles of conflict of laws. Any dispute arising from or in connection with this Agreement shall be submitted to Shanghai International Arbitration Center (the "Center") for arbitration under the then effective rules of the Center. The arbitration award shall be the sole, binding, exclusive and final remedy for resolving any dispute between the parties.

8.3 Amendments. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors or legal representatives.

8.4 Notices. All notices and other communications hereunder shall be in writing and shall be given by hand-delivery to the other party, by an international mail courier, or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Jie Yu

If to the Company:

Or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when delivered to the addressee.

8.5 Withholding. The Company may withhold from any amounts payable under the Agreement, such federal, state and local income, unemployment, social security and similar employment related taxes and similar employment related withholdings as shall be required to be withheld pursuant to any applicable law or regulation.

8.6 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and any such provision which is not valid or enforceable in whole shall be enforced to the maximum extent permitted by law.

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8.7 Captions. The captions of this Agreement are not part of the provisions and shall have no force or effect.

8.8 Entire Agreement. This Agreement contains the entire agreement among the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

8.9 Survival. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement or the Executive's employment hereunder to the extent necessary to the intended preservation of such rights and obligations.

8.10 Waiver. Either Party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

8.11 Successors. This Agreement is personal to Executive and, without the prior express written consent of the Company, shall not be assignable by Executive. This Agreement shall inure to the benefit of and be enforceable by Executive's estate, heirs, beneficiaries, and/or legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

8.12 Joint Efforts/Counterparts. Preparation of this Agreement shall be deemed to be the joint effort of the parties hereto and shall not be construed more severely against any party. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

8.13 Representation by Counsel. Each Party hereby represents that it has had the opportunity to be represented by legal counsel of its choice in connection with the negotiation and execution of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

EXECUTIVE:

LUOKUNG TECHNOLOGY CORP.

/s/ Jie Yu

Jie Yu

/s/ Xuesong Song

Xuesong Song

Chief Executive Officer

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EX-12.1 13 f20f2017ex12-1_luokung.htm CERTIFICATION

Exhibit 12.1

**Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Xuesong Song, the Chief Executive Officer of Luokung Technology Corp. (the "Company"), certify that:

1. I have reviewed this transition report on Form 20-F of the Company;
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 transition 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: October 12, 2018

By: /s/ Xuesong Song
Xuesong Song
Chief Executive Officer
(principal executive officer)

EX-12.2 14 f20f2017ex12-2_luokung.htm CERTIFICATION

Exhibit 12.2

**Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jie Yu, the Chief Financial Officer of Luokung Technology Corp. (the "Company"), certify that:

1. I have reviewed this transition report on Form 20-F of the Company;
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 transition 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: October 12, 2018

By: /s/ Jie Yu
Jie Yu
Chief Financial Officer
(principal financial officer and
principal accounting officer)

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Transition report on Form 20-F of Luokung Technology Corp. (the “Company”) for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Xuesong Song, Chairman and 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: October 12, 2018

By: /s/ Xuesong Song
Xuesong Song
Chief Executive Officer
(principal executive officer)

EX-13.2 16 f20f2017ex13-2_luokung.htm CERTIFICATION

Exhibit 13.2

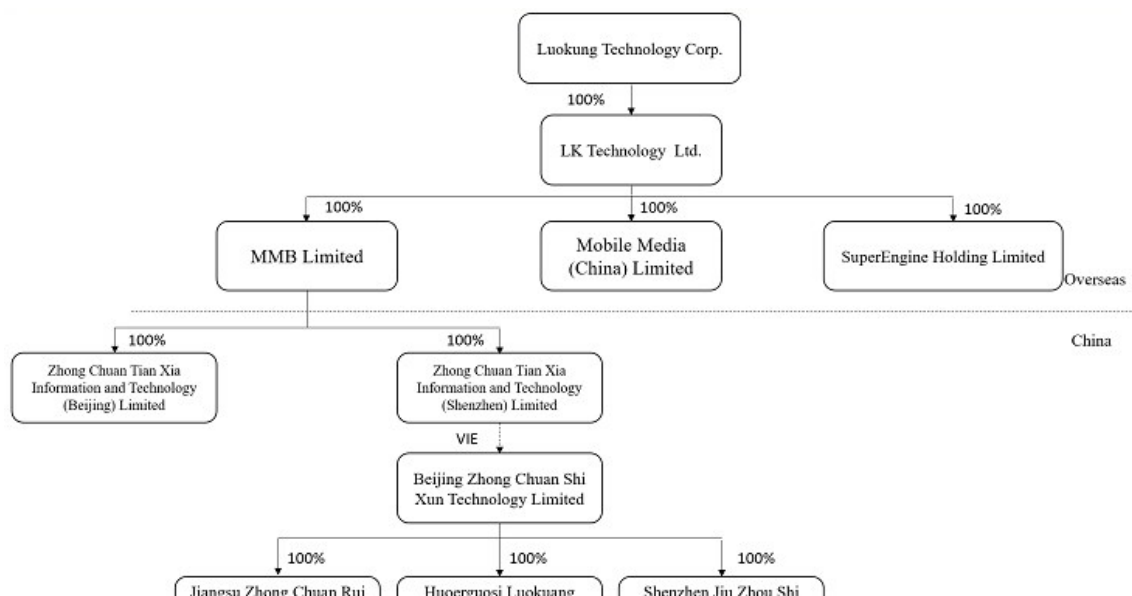
**Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

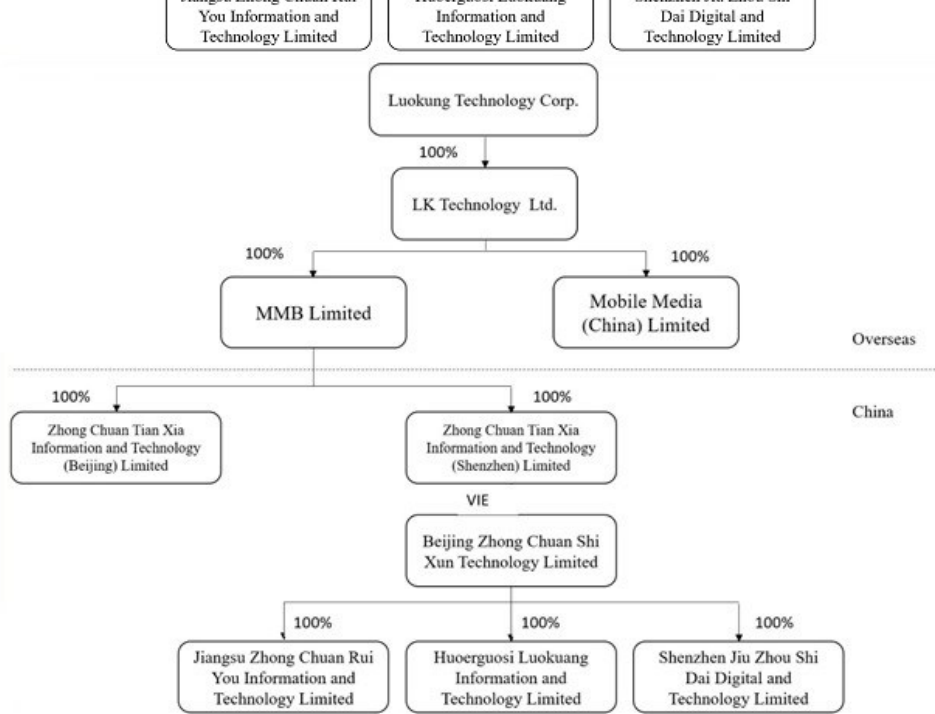
In connection with the Transition report on Form 20-F of Luokung Technology Corp. (the “Company”) for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jie Yu, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 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: October 12, 2018

By: /s/ Jie Yu
Jie Yu
Chief Financial Officer
(principal financial officer and
principal accounting officer)





MOORE STEPHENS

Xuan Hys CPA Ltd